

# 2011 ANNUAL REPORT

SUN LIFE PROSPERITY FUNDS



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The Sun Life Prosperity Funds have complied with leading practices on corporate governance as required by the Securities and Exchange Commission.

## LETTER TO SHAREHOLDERS

To my Fellow Shareholders:

The year 2011 was indeed a challenging year.

For much of the year, investors shed substantial risks as they anticipated the worst with a double dip recession in the US, followed by a downgrade by Standard & Poor's of the US long-term rating to AA+ from a Triple A rating. We also witnessed the struggle to cap large deficits in other developed countries; geopolitical tensions in the Middle East and North Africa; and political uncertainties.

But in spite of the global challenges, the Philippines remained resilient and persevering.

In fact, budget deficit for 2011 was down to P96 Billion, much lower than the P267 Billion recorded the previous year. 2011 OFW remittances were at US\$20.1 Billion, up 6.9% from the previous year and within the government's target of 6-8%. As a result, GDP continued to grow 3.9% for the year while 2011 inflation was at 3.9%, way within the 3-5% target of the government. Furthermore, the Philippines' credit rating and outlook was upgraded by international credit rating agencies bring it closer to investment grade.

Also in 2011, the country's stock market index established a new all-time high of 4,550 in August. For the year, the Philippines finished as the best performing market in Asia-Pacific, up by 4.1%. Indonesia placed second at +21.9%, while all the other Asia-Pacific countries were in the red. The Philippines also continued to attract foreign investment as evidenced by US\$1.3 billion inflows in the equity market last year.

As the country's economy surged in the midst of these challenges and turbulence in other parts of the globe, Sun Life Financial stood on higher ground and capped 2011 with its life insurance and mutual funds lines posting healthy gains.

We posted Gross Premiums of P14 Billion, the highest ever achieved by the company in its 117-year history in the Philippines. For the first time in our history, we claimed the highest spot in the industry in terms of total premiums, taking the crown away from our leading competitor who has been reigning in terms of this measure for 65 long years!

The Sun Life Prosperity Funds likewise bucked the challenges and posted considerable returns last year.

The year 2011 will be remembered as one of the most volatile for equity markets. Although there was a bit of tension in the early part of the year due to global

debt issues that quickly eroded investor confidence, the credit rating upgrade from both Moody's and Fitch restored investor confidence. The Sun Life Prosperity Equity Fund's strategy was tilted towards companies with resilient or better-than-market earnings estimates such as power, utilities, banking, property and select conglomerates. In the end, the Fund posted a 2.90% increase in its Net Asset Value per Share to P2.6867 per share.

For the Balanced Fund, the start of 2011 saw the Fund on a positive note with 76% invested in equities while the remaining 24% was in fixed income securities and short-term placements. However, due to the European debt crisis and the US debt ceiling issue, the Balanced Fund's equity weight was reduced to 60%. Nevertheless, at yearend, the Fund posted a 3.50% increase in its Net Asset Value per Share to P2.7228 per share.

With regard to foreign funds, the year 2011 saw investment in foreign funds increasing to 37% from 13% as of end 2010. On the other hand, ROPs or dollar denominated bonds issued by the Philippine government were reduced from 55% as of end 2010 to 31% as of end 2011. Given these, the Dollar Advantage Fund's Net Asset Value per Share declined by 1.3% to P2.6517 per share. However, this was still better than the Fund's benchmark which declined by 4.1%.

The Fixed Income Funds performed equally well in 2011. As of yearend, Return on Investment (ROI) for the Bond fund stood at 8.56% year-on-year. Net Asset Value per Share rose to Ps 2.4081 from Ps 2.2183 the previous year.

ROI for the Government Securities or GS Fund was 6.13% year-on-year. Net Asset value per Share rose to Ps 1.4002 from Ps 1.3193 in 2010.

The Dollar Abundance Fund, on the other hand, posted an ROI of 5.77% year-on-year while its Net Asset Value per Share rose to US\$2.6747 from US\$2.5289 in 2010. And lastly, the Money Market Fund posted an ROI of 0.36% year-on-year, while Net Asset Value per Share closed at Ps 1.1268.

As the economic and financial conditions continue to improve, we will manage opportunities to ensure optimal returns for your investments while balancing these with risks.

We will keep our commitment to listen and understand your needs and what matters most to you, and translate these insights into products and services that will help you meet your financial objectives with confidence.

To all of you, our valued investors, please accept once again our gratitude for your support and patronage.

Sincerely,



**VALERIE N. PAMA**  
Chief Operating Officer  
Sun Life Asset Management Company, Inc.

## 2011 GENERAL FINANCIAL MARKETS REVIEW

The simmering European sovereign debt crisis along with US fiscal woes was the central themes that dictated the trend and tempo of global financial markets in 2011. In the US, feuding political parties in Washington struggled to forge a deal to raise the government debt ceiling before the deadline to forestall a catastrophic default. At the eleventh hour, the US Congress passed a bill that was subsequently approved by the Senate that raised the debt ceiling through 2012 and sought to reduce federal deficits by US\$2.4 Trillion over the next decade.

Consequently, S&P downgraded the US long-term rating by one notch to AA+ from AAA, combined with a negative outlook. S&P also warned that the US could face another downgrade within the next two years if there is "less spending reduction than agreed, higher interest rates and new fiscal pressures". On the other hand, Fitch and Moody's retained its AAA for the US, although the latter's outlook is negative. In response, the Federal Open Market Committee (FOMC) announced that it would keep Federal funds rate at low levels until mid-2013.

Meanwhile, European Union leaders took crucial steps to find a solution to the worsening debt crisis that threatens to drag down the region with severe contagion repercussions to the global financial system. After much controversy, key players were forced to compromise into an agreement to forge a definitive remedy to the Greek debt quagmire as the country teeters on the brink of default. The three major points of the accord included a "voluntary" 50% write down for Greek bond holders, leveraging the European Financial Stability Facility (EFSF) up to 4-5 times, and the recapitalization of European banks weakened by the Greek debt write down.

In June, Fitch Ratings raised its sovereign credit rating for the Philippines to BB+ from BB, just a notch below investment grade. Fitch cited the country's "progress on fiscal consolidation against a track record of macro stability, broadly favorable economic prospects and strengthening external finances".

Further, Moody's also upgraded the Philippines' local and foreign currency credit rating to Ba2 from Ba3, two notches below investment grade, with the outlook as stable. The upgrade was supported by "progress made in fiscal consolidation, sustained macroeconomic stability, and coupled with continued strength in the external payments position, against a background of a significant pick-up in the momentum for economic growth".

The Bangko Sentral ng Pilipinas (BSP) raised its overnight borrowing and lending rates in the first half by a total of 50 bps to 4.5% and 6.5%, respectively. The interest rates on term RRRs, RPs, and special deposit accounts were also raised accordingly. Subsequently, the BSP also increased the banks' reserve requirement by a total of 2% back to the pre-crisis level of 21 percent. The reserve hike indicated a shift in the choice of policy measures to keep liquidity risk in check. Monetary authorities have expressed concern about excess liquidity fueling commodity price pressures. These monetary policy settings remained in place until the end of the year.

Against this backdrop, Philippine equities displayed resiliency amid the volatility caused by external events to end the year as the best performing bourse in Asia. For 2011, global equities as measured by MSCI All Country Equity Index was down by 10%, European equities were down by 14%, Asia ex-Japan equity index was down by 18%, while US equities were flat. The Philippine Stock Exchange index (PSEi), on the other hand, managed to stay in positive territory with gains of 4% by year-end despite maintaining a 23% trading band throughout the year. In fact, the PSEi traded between 3,705 and 4,563 index points intra-year before ending the year at 4,371 level. Gains were not broad-based across the sub-indices and were concentrated on the mining sector (+69%). The rest of the sectors lagged the general market with conglomerates (+3%), services (+2%), banking (+1%), industrials (-2%), and property (-6%) falling short PSEi's performance. All said, the PSEi fared better than the regional indices as investors focused more on the country's sound macro-fundamentals rather than the debt crisis in developed markets.

**Sun Life of Canada Prosperity Bond Fund, Inc**

The Fund registered 45% growth in net assets from PHP 3.3 Billion in 2010 to PHP 4.8 Billion in 2011. PHP 2.1 Billion came from issuance of redeemable shares, PHP340 Million from net investment income inclusive of unrealized appreciation of fixed income holdings. Redemptions including redemptions of investments tagged as DFFS amounted to PHP 943 Million were recorded during the period.

Gross investment income in 2011 was PHP 231 Million, PHP 18 Million lower from gross investment income of PHP 249 Million posted in the same period last year. With the further recognition of unrealized gains from the marked-to-market valuation of the Treasury Notes amounting to PHP 231 Million, total net profit for 2011 increased by PHP 117 Million from the PHP 223 Million income posted in 2010.

The Fund does not foresee any event that could trigger a direct or contingent financial obligation that is material to its operations. No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Fund with unconsolidated entities/other persons were created during the reporting period. There are also no known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations and liquidity.

**Sun Life of Canada Prosperity Balanced Fund, Inc**

The Fund registered 2% growth in net assets from PHP 8.5 Billion in 2010 to PHP 8.7 Billion in 2011. PHP 2.6 Billion came from issuance of redeemable shares, PHP322 Million from net investment income inclusive of unrealized appreciation of equity and fixed income holdings. Redemptions including redemptions of investments tagged as DFFS amounted to PHP 2.8 Billion were recorded during the period.

Gross investment income in 2011 was PHP1.2 Billion as the Fund had cashed in on gains from the stock market resulting in an increase in gross investment income from the PHP1.1 Billion posted in the same period last year. With the further recognition of unrealized loss from the marked-to-market valuation of the Treasury Notes and investment in listed equities amounting to PHP681 Million, total profit for 2011 decreased by PHP1.8 Billion from the PHP2.1 Billion profit posted in 2010.

The Fund does not foresee any event that could trigger a direct or contingent financial obligation that is material to its operations. No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Fund with unconsolidated entities/other persons were created during the reporting period. There are also no known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations and liquidity.

**Sun Life of Canada Prosperity Philippine Equity Fund, Inc**

The Fund increased its AUM by 4%, from PHP4.87 Billion in 2010 to PHP5.04 Billion in 2011. The increase was significantly attributed to the PHP4.32 Billion issuance of redeemable shares including those shares tagged as DFFS and a PHP162 Million total profit for the year, inclusive of unrealized appreciation of equity and fixed income holdings. Redemptions amounting to PHP4.30 Billion were recorded during the period.

Gross investment income increased by PHP142 Million from PHP631 Million income in 2010 to PHP773 Million income in 2011 mainly due to the increase in gain from trading and cash dividend received from investment in listed stocks held by the Fund. With the increase in operating expenses and further recognition of unrealized loss from the marked-to-market valuation of investment in listed equities amounting to PHP32 Million and PHP481 Million, respectively, total profit for 2011 dropped by PHP1.1 Billion from PHP1.3 Billion profit posted in 2010.

The Fund does not foresee any event that could trigger a direct or contingent financial obligation that is material to its operations. No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Fund with unconsolidated entities/other persons were created during the reporting period. There are also no known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations and liquidity.

**Sun Life Prosperity Money Market Fund, Inc**

The Fund registered 38% growth in net assets from PHP379 Million in 2010 to PHP524 Million in 2011. PHP1.9 Billion came from issuance of redeemable shares including those shares tagged as DFFS, PHP1.9 Million from net investment income. Redemptions including DFFS redemptions amounting to PHP 1.7 Billion were recorded during the period.

Net investment income in 2011 was PHP900 Thousand, 32% lower than the previous year's PHP2.8 Million. An increase in management and transfer fee expenses as a result of better Asset Under Management contributed mainly to the decrease in net investment income for the period.

The Fund does not foresee any event that could trigger a direct or contingent financial obligation that is material to its operations. No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Fund with unconsolidated entities/other persons were created during the reporting period. There are also no known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations and liquidity.

**Sun Life Prosperity GS Fund, Inc**

Net assets of the Fund stood at PHP 685 Million by the end of 2011, PHP211 Million lower than PHP896 Million reported as at the end of 2010. PHP 380 Million came from issuances of redeemable shares including those shares tagged as DFFS, while another PHP33 Million came from net investment income for the period including unrealized appreciation on Treasury Notes held. Redemptions totaling PHP 624 Million were recorded during the year.

Gross investment income was PHP 23 Million higher in 2011 mainly due to the higher interest income earned from fixed income investments held by the Fund. Total operating expenses on the other hand increased by PHP 6.9 Million mainly due to higher management and transfer fees paid to the Fund Manager. With the further recognition of unrealized gains from the marked-to-market valuation of the Treasury Notes amounting to PHP 14 Million, total comprehensive income for 2011 was PHP 6 Million lower compared to total comprehensive income in 2010.

The Fund does not foresee any event that could trigger a direct or contingent financial obligation that is material to its operations. No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Fund with unconsolidated entities/other persons were created during the reporting period. There are also no known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations and liquidity.

**Sun Life Prosperity Dollar Advantage Fund, Inc**

The Fund's net assets registered 30% increase from USD21 Million in 2010 to USD27 Million in 2011 due to issuance of redeemable shares including those shares tagged as DFFS, if any, amounting to USD10.3 Million. Shareholders redeemed a total of USD3.7 Million during the same period.

Net Investment Profit went down by USD1.2 Million from a profit of USD851 Thousand in 2010 to a loss of USD368 Thousand in 2011. The drop was mainly due to recognition of unrealized market loss on investments of USD591 Thousand in 2011

The Fund does not foresee any event that could trigger a direct or contingent financial obligation that is material to its operations. No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Fund with unconsolidated entities/other persons were created during the reporting period. There are also no known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations and liquidity.

**Sun Life Prosperity Dollar Abundance Fund, Inc**

The Fund registered 17% growth in net assets from USD 11.4 Million in 2010 to USD 13.4 Million in 2011. USD 3.8 Million came from issuance of redeemable shares, USD 707 Thousand from net investment income inclusive of unrealized appreciation of fixed income holdings. Redemptions including redemptions of investments tagged as DFFS amounted to USD 2.6 Million were recorded during the period.

Gross investment income in 2011 was USD 522 Thousand, USD 193 Thousand higher than previous year's USD 328 Thousand. Though increase in gross investment income for the current year was reduced by increases in operating and income tax expenses of USD 97 Thousand and USD 29 Thousand, respectively, further recognition of unrealized market gain on fixed income investments substantially moved net profit for the year to USD 707 Thousand from USD 328 Thousand net profit in 2010.

The Fund does not foresee any event that could trigger a direct or contingent financial obligation that is material to its operations. No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Fund with unconsolidated entities/other persons were created during the reporting period. There are also no known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations and liquidity.

## Sun Life of Canada Prosperity Bond Fund, Inc.

### INVESTMENT APPROACH

Investment mandate focuses on investing in high yield, investment grade assets with an overall risk profile of less than average. Private lending is restricted to prime corporate issues and collateral is required as practicable. Optimum levels of cash are maintained to support investment and client liquidity requirements.

### PERFORMANCE REVIEW

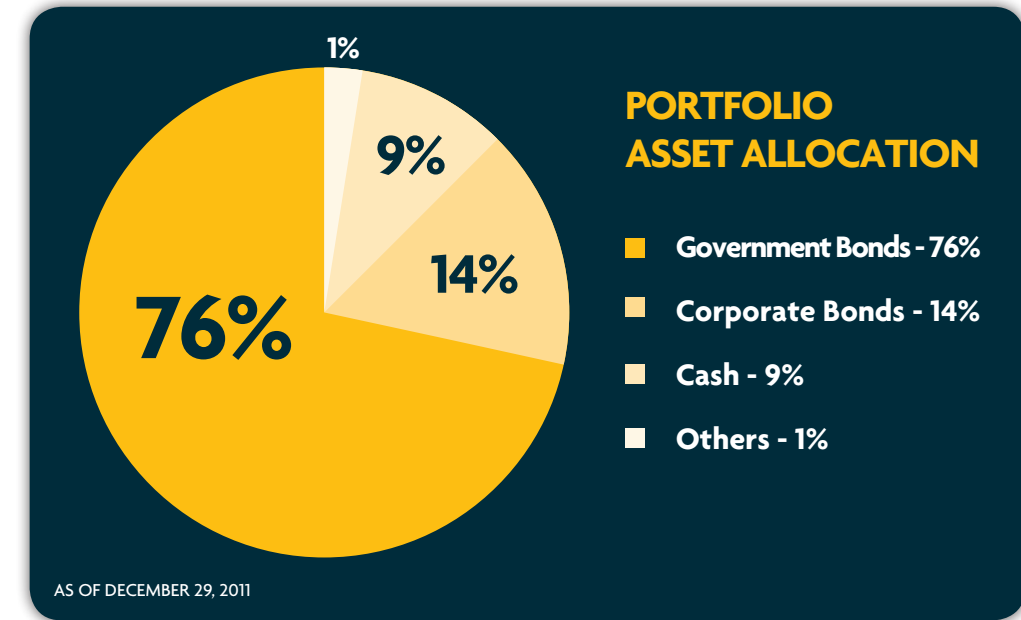
Return on Investment (ROI) was 8.56% y-o-y. Net Asset Value per Share (NAVPS) rose to Ps2.4081 from Ps2.2183 in 2010.

Government bond yields fell to record lows as excess market liquidity chased down risk-free assets amid frenetic safe-haven purchases. Hot money has flowed incessantly to local stocks as well as peso government debt securities due to positive carry trade prospects. Further, the decline in benchmark yields was stoked by indications that the Bangko Sentral will cut back its policy rates given the weak GDP reading for the year.

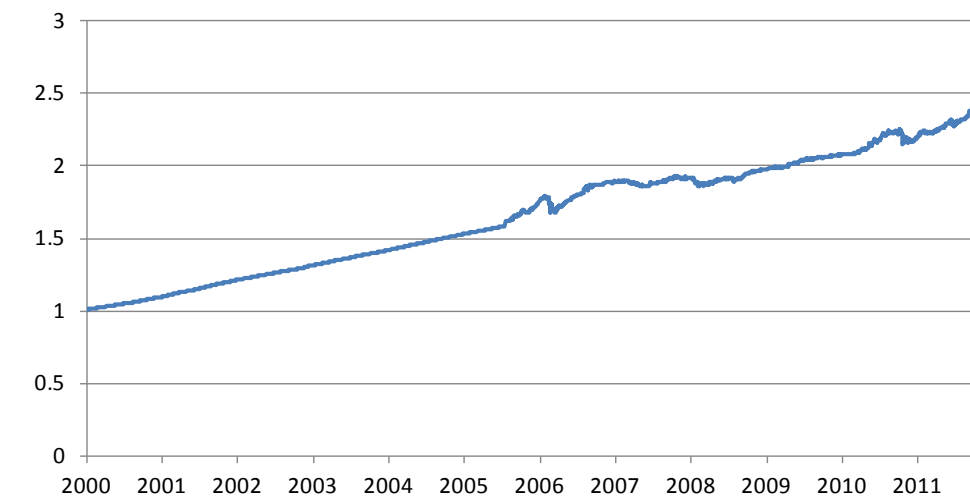
Asset duration was aggressively lengthened with long-dated bond purchases just as the long end outperformed the rest of the curve. The portfolio's loan component was likewise increased due to attractive yields and inherent tax advantages.

### OUTLOOK

The vigorous bond-buying frenzy that ensued late last year is expected to continue at least until the expected policy rate cuts are implemented in early 2012. Disinflation in December and the Bangko Sentral's response to the benign CPI update would be positive for the local bond market particularly the long end of the curve. Also, the scheduled US\$1.5 billion bond issue in January would translate into lesser funding pressures and should augur well for peso bond prices. Incidentally, a compelling case for rate easing would be underpinned by the downside risk to growth from a Eurozone recession and its contagion effects rather than the pace of disinflation.



### HISTORICAL PERFORMANCE



## Sun Life of Canada Prosperity Balanced Fund, Inc.

### INVESTMENT APPROACH

The investment mandate is to invest in a mix of high-quality debt (bonds) and equity (stocks) securities from both domestic and foreign issuers. The fund should provide total returns consisting of current income and capital growth through investment in a mix of debt and equity securities from both domestic and foreign issuers. The Fund entered 2011 on a positive note with 76% invested in equities while the remaining 24% was in fixed income securities and short-term placements. However geopolitical tensions in North Africa and the Middle East quickly eroded investor confidence. The Fund's equity weight was reduced as concerns on the European debt crisis and US debt ceiling surfaced. By the end of the year, the Fund's equity exposure was at 60% while the remaining 40% was in fixed income securities and short-term placements.

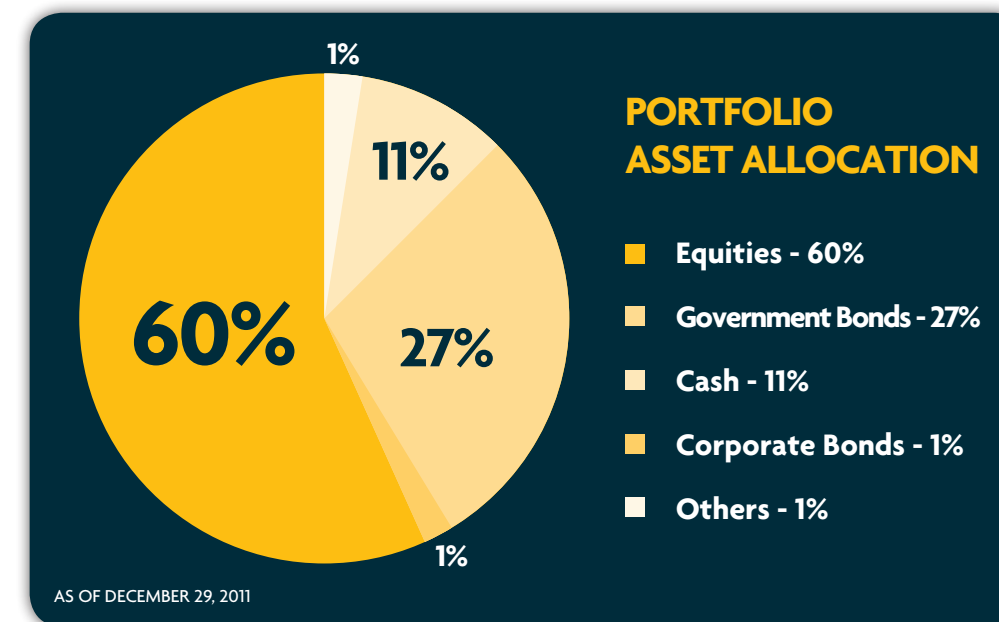
### PERFORMANCE REVIEW

Philippine assets had modest gains in 2011 despite the volatility caused by external events. Government bond yields fell to record lows as excess market liquidity chased down risk-free assets amid frenetic safe-haven purchases. Hot money has flowed incessantly to local stocks as well as peso government debt securities due to positive carry trade prospects. Further, the decline in benchmark yields was stoked by indications that the Bangko Sentral will cut back its policy rates given the weak GDP reading for the year. On the other hand, the PSEi ended as the best performing bourse in Asia posting 4.1% return during the year. Despite the headwinds coming from developed markets, local fundamentals have been supportive of stock prices given local banks' limited exposure to European debt and as economic indicators point to a sustainable growth in the medium-term. Equity investments were tilted towards companies with resilient or better-than-market earnings estimates such as power/utilities, banking, property, and select conglomerates. On the fixed income portfolio, bond portfolio duration was lengthened towards the end of the year as monetary easing is expected during the early part of next year. For 2011, the Fund posted a 3.50 % increase in its NAVPS to PHP2.7223/share

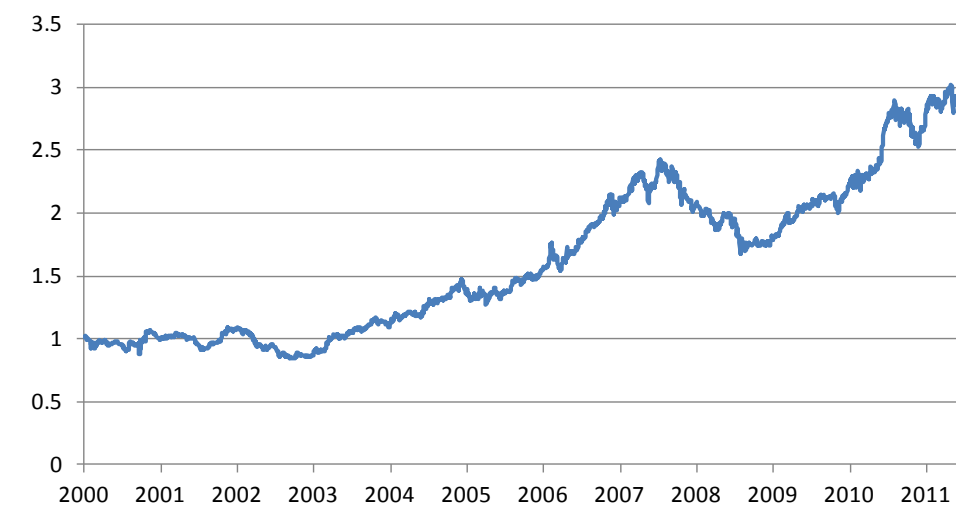
### OUTLOOK

For 2012, peso interest rates are expected to remain at current low levels with a downward bias, especially on longer dated bonds, as downside risk to growth resulting from a Euro zone recession remains. On the other hand, expect the equities market to remain volatile as debt concerns in developed markets persist. Next year will be a crucial year for the current administration to prop up the economy given lower-than-expected GDP numbers in 2011. The awarding of more public-private partnership (PPP) infrastructure project is seen as a major catalyst. Further, the low inflation environment; steady GDP growth; and the continued strength of OFW remittances should augur well for the domestic economy.

In spite of all the global concerns, the Philippines continues to attract foreign investments as evidenced by US\$1.3 billion inflows in the equity market last year. The PSEi ended 2011 with a price-earnings (PE) multiple of 14x, which provides less of an upside to the market's longer-term average PE of 15.5x. With no major market moving news so far, we expect the market to mirror the average 2011 earnings growth of about 10% now appearing in most forecasts, which puts the market's upside to the 4,800 – 5,000 level. Liquidity flows and an upgrade to "investment grade" for the country's sovereign credit rating may provide some positive surprises for the market.



### HISTORICAL PERFORMANCE



## Sun Life of Canada Prosperity Philippine Equity Fund, Inc.

### INVESTMENT APPROACH

The investment mandate is to invest in Philippine equities, including common stock, preferred stock, and securities convertible into such equity securities. The strategy is to generate long-term capital appreciation through investment in high-quality equity securities diversified across sectors and issue sizes to provide moderate portfolio volatility. The Fund entered 2011 on positive note with equity exposure at 87%. However, geopolitical tensions in North Africa and the Middle East quickly eroded investor confidence. The Fund's equity weight was reduced as concerns on the European debt crisis and US debt ceiling surfaced. By the end of the year the Fund's equity exposure was approximately 85%.

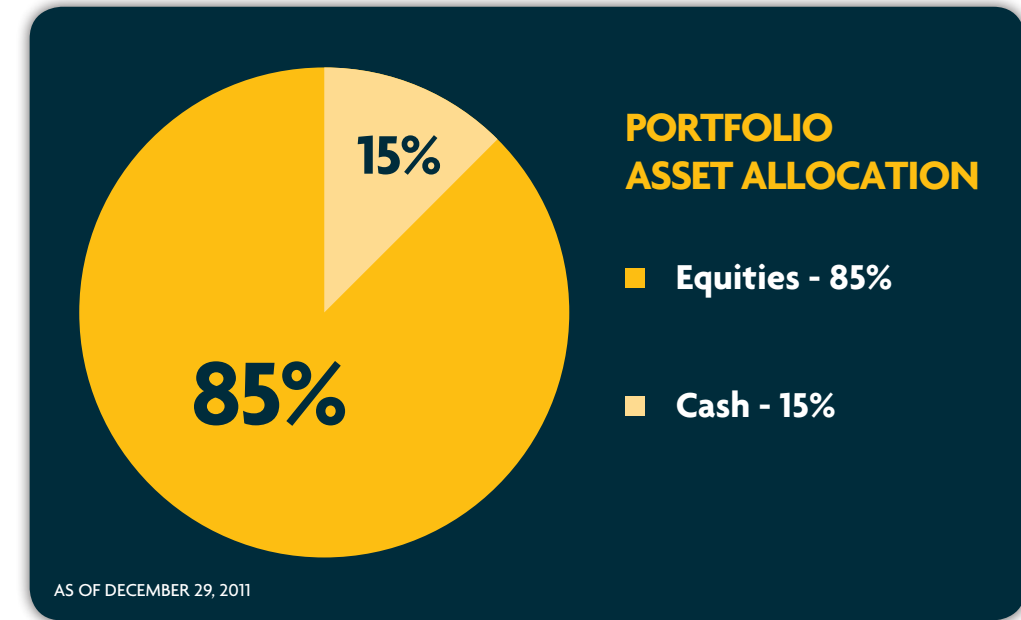
### PERFORMANCE REVIEW

The year 2011 will be remembered as one of the most volatile for equity markets. The PSEi had a large 23% swing from a low of 3,705 to a new high of 4,563. The market entered the year with geopolitical tensions in the Middle East and North Africa quickly eroding investor confidence. By mid-year a credit rating upgrade from both Moody's and Fitch restored investor confidence in the Philippines. The U.S. debt ceiling debacle followed by a downgrade by Standard and Poor's of U.S. debt to AA+ (from AAA) turned investors back into a cautious mode. However, a spike in December due to foreign buying pushed the PSEi to close at 4,371 points. For the year, the local bourse gained 4.1%, making it the best performing market in Asia. The Fund's strategy was tilted towards companies with resilient or better-than-market earnings estimates such as power/utilities, banking, property, and select conglomerates. In the end, the Fund posted a 2.90% increase in its NAVPS to PHP2.6863/share.

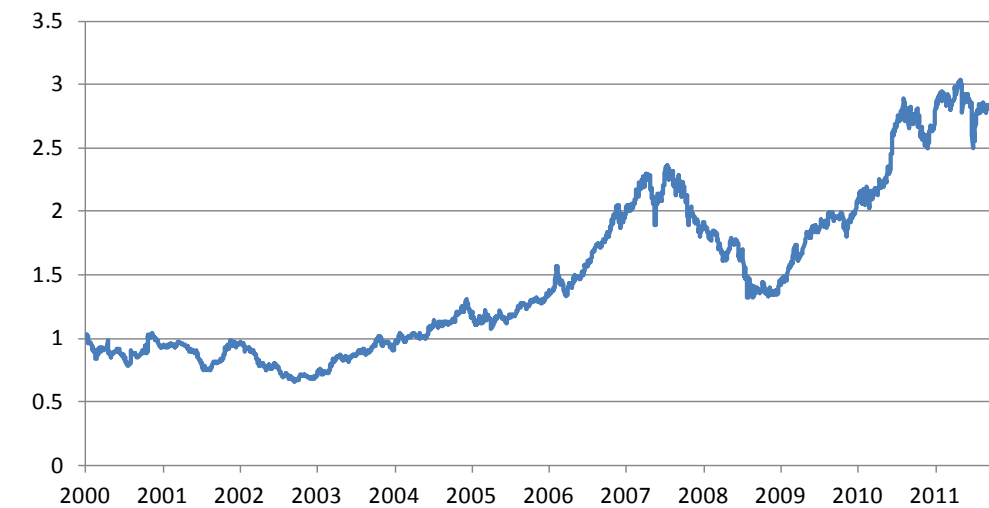
### OUTLOOK

For 2012, we maintain our cautiously optimistic stance as the European debt crisis remains a lingering concern among investors. It is worth noting that Philippine economic fundamentals remain on solid ground. The low inflation environment, steady GDP growth, and the continued strength of OFW remittances should augur well for the domestic economy. The awarding of more infrastructure projects thru the PPP (Public-Private Partnership) is seen as a key catalyst for the year.

In spite of all the global concerns, the Philippines continues to attract foreign investments as evidenced by US\$1.3 billion inflows in the equity market last year. The PSEi ended the year at a price-earnings multiple (PE) of 14x, which provides less of an upside to the market's longer-term average PE of 15.5x. With no major market moving news so far, we expect the market to mirror the average 2011 earnings growth of about 10% now appearing in most forecasts, which puts the market's upside to the 4,800 – 5,000 level. Liquidity flows and an upgrade to "investment grade" for the country's sovereign credit rating may provide some positive surprises for the market.



### HISTORICAL PERFORMANCE





## Sun Life Prosperity Money Market Fund, Inc.

### INVESTMENT APPROACH

Investment mandate focuses on investing in high yield, investment grade assets with an overall risk profile of less than average. Private lending is restricted to prime corporate issues and collateral is required as practicable. Optimum levels of cash are maintained to support investment and client liquidity requirements.

### PERFORMANCE REVIEW

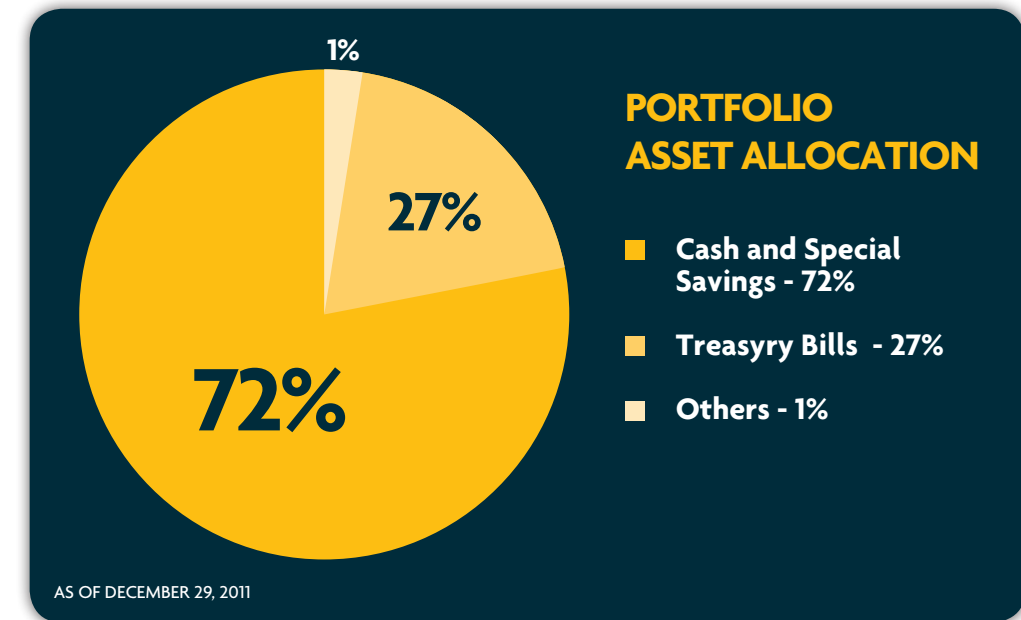
Return on Investments (ROI) was 0.36% y-o-y. Net Asset Value Per Share (NAVPS) closed at Ps1.1268.

The financial system remained teeming with cash, with Bangko Sentral Special Deposit Accounts up 34% y-o-y, closing the year at Ps1.66 trillion. Money market rates were generally lower just as supply of risk-free government debt has all but dried up. Peso bond yields fell to record lows towards the yearend as investors paid a premium for duration given the likelihood of policy rate cuts in 2012.

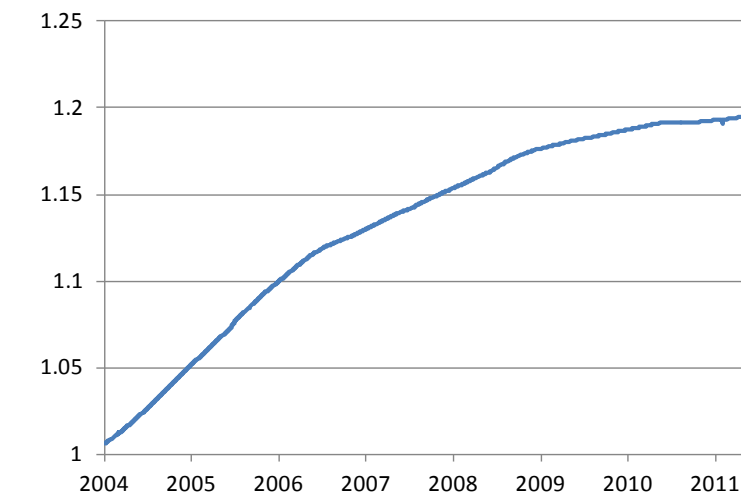
Broad hints of disinflation were seen as headline inflation eased to 4.2% in December, the lowest recorded in eleven months. This brought the average inflation for 2011 at 4.8% (based on 2006 prices), below the government target of 3-5 percent.

### OUTLOOK

Weak economic growth and benign inflation outlook should pave the way for a more accommodative monetary policy stance in 2012. Money market rates could soften further as excess market liquidity perhaps fueled by robust OFW dollar receipts are channeled into Bangko Sentral's Special Deposit Accounts (SDAs). Policy rate cuts up to total of 50 bps are seen in 2012 amid the anticipated deceleration in economic activity.



### HISTORICAL PERFORMANCE



## Sun Life Prosperity GS Fund, Inc.

### INVESTMENT APPROACH

Investment mandate focuses on investing exclusively in risk-free government securities. Optimum levels of cash are maintained to support investment and client liquidity requirements.

### PERFORMANCE REVIEW

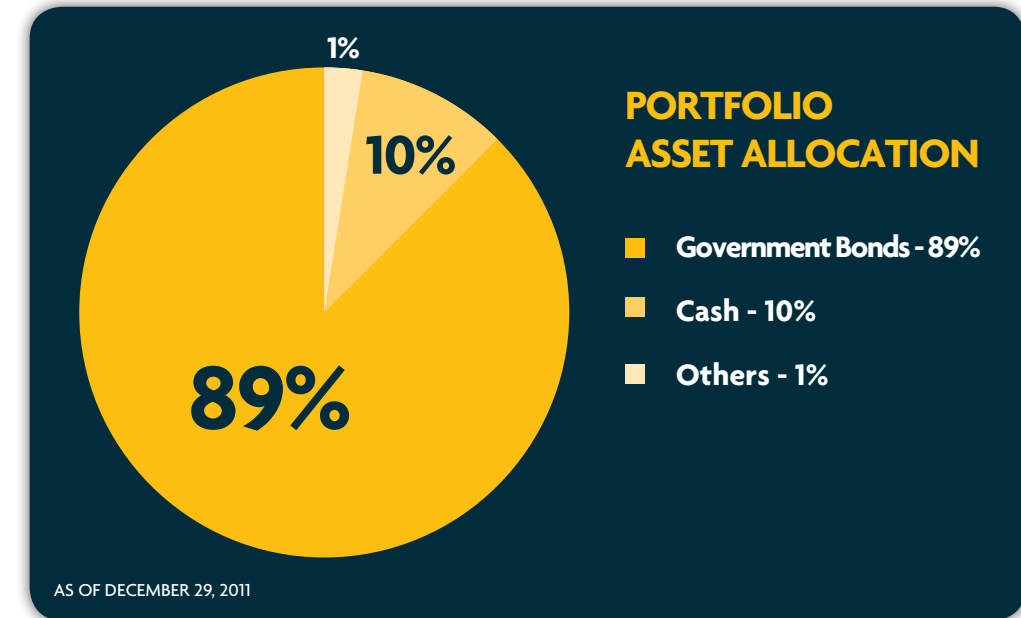
Return on Investment (ROI) was 6.13% y-o-y. Net Asset Value per Share (NAVPS) rose to Ps1.4002 from Ps1.3193 in 2010.

Government bond yields fell to record lows as excess market liquidity chased down risk-free assets amid frenetic safe-haven purchases. Hot money has flowed incessantly to local stocks as well as peso government debt securities due to positive carry trade prospects. Further, the decline in benchmark yields was stoked by indications that the Bangko Sentral will cut back its policy rates given the weak GDP reading for the year.

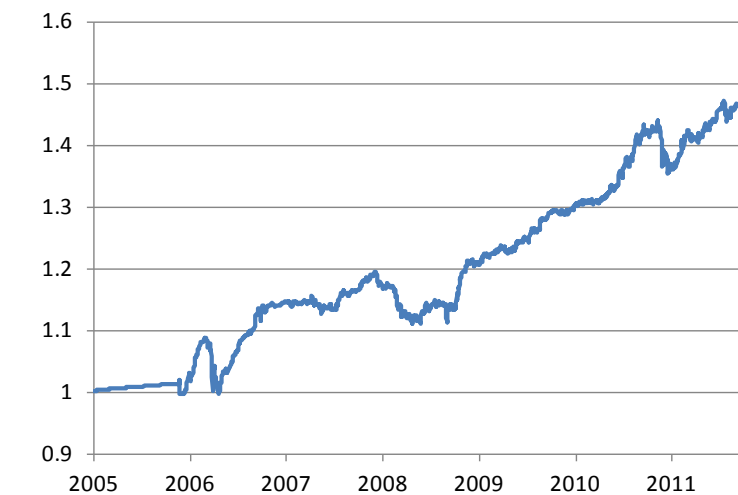
Asset duration was aggressively lengthened with long-dated bond purchases just as the long end outperformed the rest of the curve. The portfolio's loan component was likewise increased due to attractive yields and inherent tax advantages.

### OUTLOOK

The vigorous bond-buying frenzy that ensued late last year is expected to continue at least until the expected policy rate cuts are implemented in early 2012. Disinflation in December and the Bangko Sentral's response to the benign CPI update would be positive for the local bond market particularly the long end of the curve. Also, the scheduled US\$1.5 billion bond issue in January would translate into lesser funding pressures and should augur well for peso bond prices. Incidentally, a compelling case for rate easing would be underpinned by the downside risk to growth from a Eurozone recession and its contagion effects rather than the pace of disinflation.



### HISTORICAL PERFORMANCE



## Sun Life Prosperity Dollar Advantage Fund, Inc.

### INVESTMENT APPROACH

Investment mandate is to invest in foreign denominated fixed income and equity investments issued by the Philippine government, United States and other foreign governments and corporations. These may include US denominated deposits, common stocks, shares of mutual funds, and related securities such as preferred stock and convertible securities issued by the Philippine government, US and other foreign governments or corporations. The Fund's investments may either be purchased directly or through one or more securities issued by diversified investment companies invested in such type of securities. The strategy remains view-driven and all bond holdings are restricted to liquid issues. Investment in corporate debt is limited to select investment grade assets. For mutual funds managed by foreign fund managers, the Funds to be invested in should be 5-star Morningstar rated. As of end 2011, investment in foreign funds was increased to 37%, from 13% as of end-2010. On the other hand, ROPs or dollar denominated bonds issued by the Philippine government were reduced from 55% as of end 2010 to 31% as of end-2011.

### PERFORMANCE REVIEW

Sentiment over Emerging Market credits remained hostage to developments in the broader markets amid the spate of negative news flow. Credit agency warnings of more sovereign and bank credit downgrades, spiraling borrowing costs of Euro zone core and peripherals, and Germany's rejection of a plan for joint euro-area bonds added to the market's woes. Standard and Poor's gave broad hints that France and Germany could lose their AAA credit ratings while putting the European Union on negative credit watch.

Nevertheless, ROP bond prices displayed remarkable resiliency as the country's macro-economic fundamentals continued to improve. Fiscal consolidation gained traction just as the country reaped a series of upgrades on its sovereign credit and outlook from international credit rating agencies. Conceivably, the Philippines is poised to earn its own investment grade rating following the way of Indonesia.

On the equities space, risk aversion was evident with the MSCI All-Country Equity Index declining 10% given the continuing saga of the European debt crisis. Europe and Asia ex-Japan led the sell-off, declining 14% and 18%, respectively.

Given all these, the Fund's NAVPS declined by 1.3% to USD2.6513/share. However, this was still better than the Fund's benchmark which declined by 4.1%.

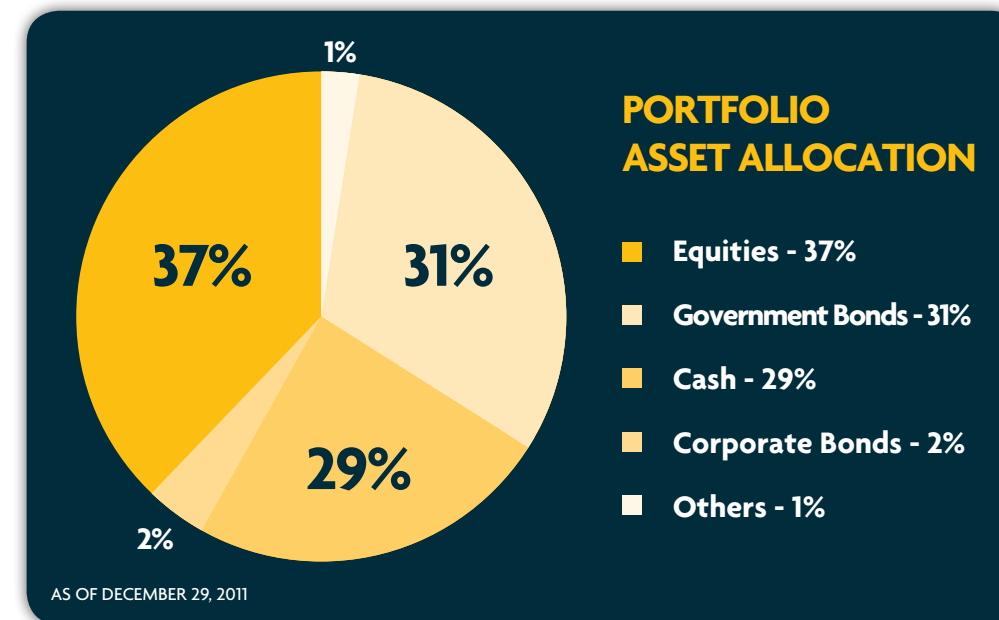
### OUTLOOK

The prognosis for Emerging Asia in 2012 is not expected to change significantly from last year's systemic risk paradigm. While Asian regional dynamics should remain supportive in terms of investment liquidity flows, this auspicious backdrop remains susceptible to several dominant global risks.

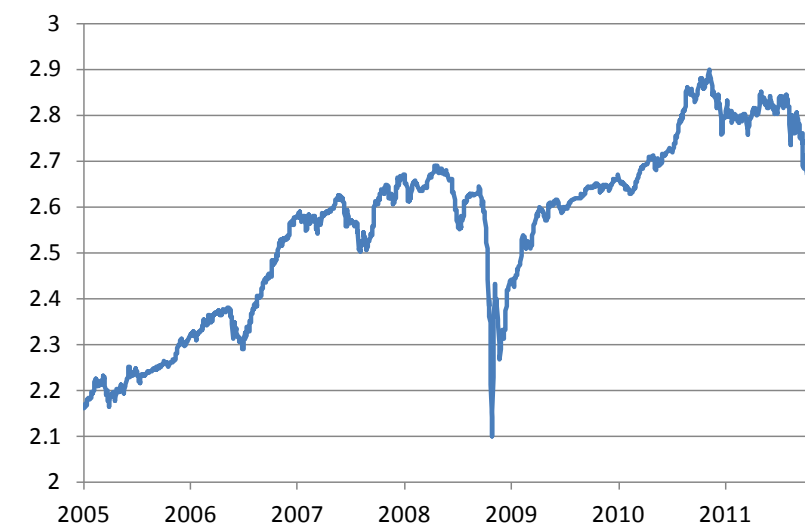
Among others, the projected slowdown in global growth together with the divergence in growth trends between countries and regions could toss global trade symmetry into more disarray. Eurozone faces stiff headwinds as distressed European peripheral sovereigns struggle against rising funding pressures just as falling bank share prices translate into requisite recapitalization. Deleveraging by banks along with brutal austerity would lead to a significant slowdown in economic activity.

In the US, while the latest economic data pulled some uptrend surprises, it remains vulnerable to any severe recession in Europe. Further, public policy uncertainty could escalate amid the looming presidential elections in November. The simmering geopolitical tensions in the Middle East could rise to fever pitch levels and send global markets into a tailspin.

Finally, for the equities market, we believe that valuations have become compelling given the recent sell-off which might eventually lead to a "risk on" environment. The slow and continuous improvement of the US economy coupled with less bad news in the Eurozone may improve risk appetite. As such, we shall increase the Fund's equity exposure to developed markets with bias towards the US markets where corporate earnings have been beating expectations.



### HISTORICAL PERFORMANCE



## Sun Life Prosperity Dollar Abundance Fund, Inc.

### INVESTMENT APPROACH

Investment strategy remains view-driven and all bond holdings are restricted to liquid issues. Investment in corporate debt is limited to select investment grade assets. Increased exposure in longer tenors is in line with generally bullish prospects.

### PERFORMANCE REVIEW

Return on Investment (ROI) was 5.77% y-o-y. Net Asset Value per Share (NAVPS) rose to US\$2.6747 from US\$2.5289 in 2010.

Sentiment over Emerging Market credits remained hostage to developments in the broader markets amid the spate of negative news flow. Credit agency warnings of more sovereign and bank credit downgrades, spiraling borrowing costs of Euro zone core and peripherals, and Germany's rejection of a plan for joint euro-area bonds added to the market's woes. Standard and Poor's gave broad hints that France and Germany could lose their AAA credit ratings while putting the European Union on negative credit watch.

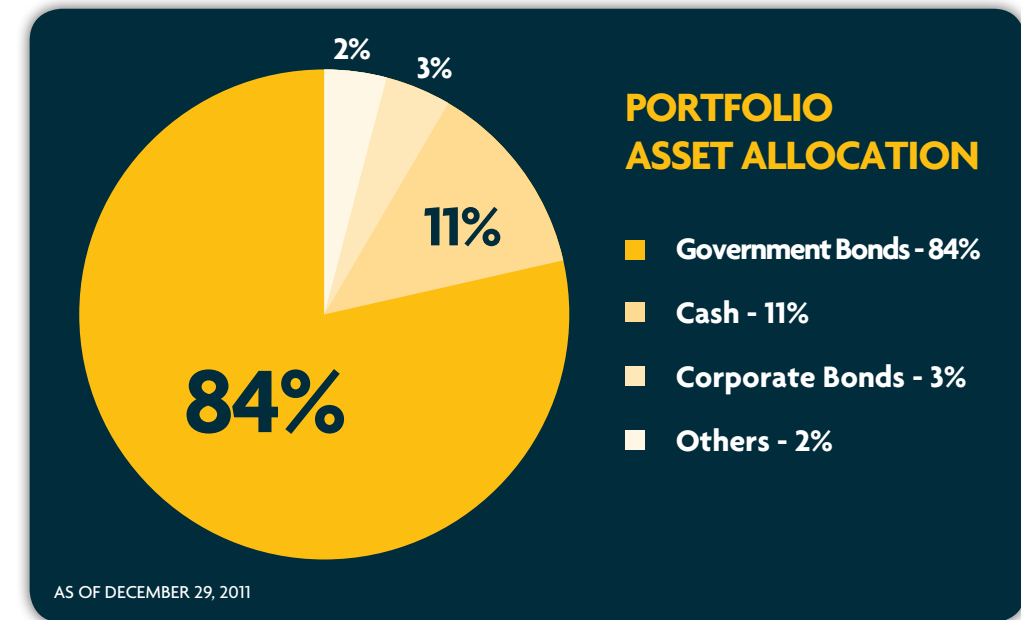
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### OUTLOOK

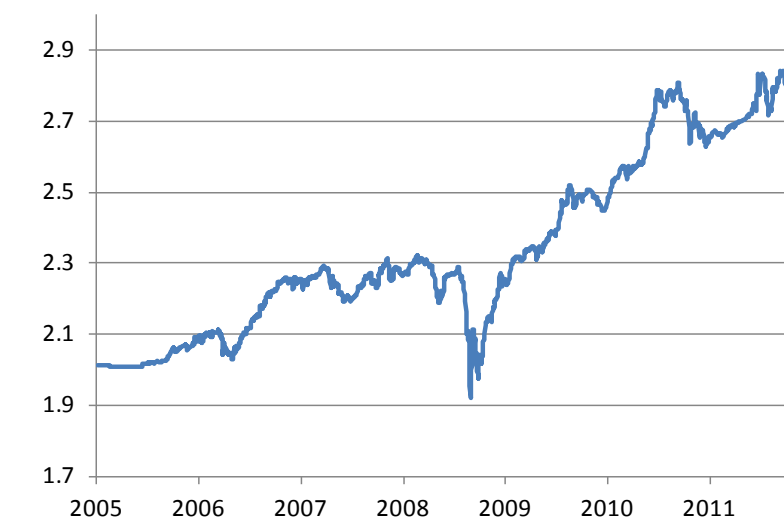
The prognosis for Emerging Asia in 2012 is not expected to change significantly from last year's systemic risk paradigm. While Asian regional dynamics should remain supportive in terms of investment liquidity flows, this auspicious backdrop remains susceptible to several dominant global risks.

Among others, the projected slowdown in global growth together with the divergence in growth trends between countries and regions could toss global trade symmetry into more disarray. Eurozone faces stiff headwinds as distressed European peripheral sovereigns struggle against rising funding pressures just as falling bank share prices translate into requisite recapitalization. De-leveraging by banks along with brutal austerity would lead to a significant slowdown in economic activity.

In the US, while the latest economic data pulled some uptrend surprises, it remains vulnerable to any severe recession in Europe. Further, public policy uncertainty could escalate amid the looming presidential elections in November. Finally, the simmering geopolitical tensions in the Middle East could rise to fever pitch levels and send global markets into a tailspin.



### HISTORICAL PERFORMANCE





### The Boards of Directors and Shareholders

SUN LIFE OF CANADA PROSPERITY BOND FUND, INC.  
SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.  
SUN LIFE OF CANADA PROSPERITY PHILIPPINE EQUITY FUND, INC.  
SUN LIFE PROSPERITY MONEY MARKET FUND, INC.  
SUN LIFE PROSPERITY GS FUND, INC.  
SUN LIFE PROSPERITY DOLLAR ADVANTAGE FUND, INC.  
SUN LIFE PROSPERITY DOLLAR ABUNDANCE FUND, INC.  
(Open-End Investment Companies)

The management of the Sun Life Prosperity Funds is responsible for all information and representations contained in the financial statements for the years ended December 31, 2010 and 2009. The financial statements have been prepared in conformity with Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The Boards of Directors review the financial statements before such statements are approved and submitted to the stockholders of the Sun Life Prosperity Funds.

Manabat Delgado Amper & Co., the independent auditors appointed by the stockholders, have examined the financial statements of the Sun Life Prosperity Funds in accordance with Philippine Standards on Auditing and have expressed their opinion on the fairness of presentation upon completion of such examination, in their report to the Boards of Directors and stockholders.



Rizalina G. Mantaring  
Chairman of the Board



Valerie N. Pama  
Chief Operating Officer



Joan Galang  
Treasurer



Benedicto C. Sison  
Chief Finance Officer, SLAMC

### The Boards of Directors and Shareholders

SUN LIFE OF CANADA PROSPERITY BOND FUND, INC.  
SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.  
SUN LIFE OF CANADA PROSPERITY PHILIPPINE EQUITY FUND, INC.  
SUN LIFE PROSPERITY MONEY MARKET FUND, INC.  
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(Open-End Investment Companies)

5<sup>th</sup> Floor, Salamin Building  
197 Salcedo St., Legaspi Village,  
Makati City, Philippines  
Tel: + 63 (2) 812 05 35  
Fax: + 63 (2) 810 50 47  
www.deloitte.com.ph

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Sun Life Prosperity Funds as of December 31, 2011, 2010 and 2009, and its financial performance and its cash flows for the years then ended December 31, 2011, 2010 and 2009 in accordance with the Philippine Financial Reporting Standards.

### EMPHASIS OF MATTER (DOLLAR ABUNDANCE FUND)

Without qualifying our opinion, we draw attention to Note 13 in the financial statements which indicates that the deposit for future stock subscriptions was classified as equity even though the first and second tranches of increase applications remain pending to date because the required approval of two-thirds of the Company's outstanding share capital was not achieved during the 2010 and 2011 annual shareholder's meetings and at the continuation meetings held on September 13, 2010 and November 24, 2011, respectively. Management is continuously exerting efforts to obtain the required shareholders' approval in the forthcoming 2012 annual shareholders' meeting.

PTR No. 3180240  
January 6, 2012  
Makati City

April 13, 2012

**Sun Life Prosperity Funds** (Open-end Investment Companies)

**STATEMENTS OF FINANCIAL POSITION**

STATEMENTS OF FINANCIAL POSITION	BOND		BALANCED		PHILIPPINE EQUITY	
	December 31		December 31		December 31	
	2011	2010	2011	2010	2011	2010
	PHP	PHP	PHP	PHP	PHP	PHP
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash in banks	P41,144,224	P300,153,540	P53,762,111	P60,044,728	P42,100,386	P71,757,088
Accrued interest receivable	60,836,267	51,133,379	38,496,284	22,314,218	123,026	98,297
Dividends receivable	-	-	4,099,390	1,325,103	4,082,584	814,330
Financial assets at fair value through profit or loss	3,991,532,165	2,555,003,442	8,570,169,872	8,519,880,580	5,021,464,907	4,903,588,503
Loans receivable	-	390,317,914	-	-	-	-
Other Receivables	-	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	-
Due from brokers	-	-	7,831,430	-	9,464,634	11,864,142
Other current assets	152,625	166,318	360,239.00	415,391	-	-
<b>Total Current Assets</b>	<b>P4,093,665,281</b>	<b>3,296,774,593</b>	<b>P8,674,719,326</b>	<b>P8,603,980,020</b>	<b>P5,077,235,537</b>	<b>4,988,122,360</b>
<b>Non-current Assets</b>						
Loans and receivables	680,000,000	-	50,000,000	50,000,000	-	-
Other non-current assets	1,396,932	681,244	845,558	454,901	261,783	35,228
<b>Total Non-current Assets</b>	<b>681,396,932</b>	<b>681,244</b>	<b>50,845,558</b>	<b>50,454,901</b>	<b>261,783</b>	<b>35,228</b>
	<b>P4,775,062,213</b>	<b>P3,297,455,837</b>	<b>P8,725,564,884</b>	<b>P8,654,434,921</b>	<b>P5,077,497,320</b>	<b>P4,988,157,588</b>
<b>LIABILITIES AND EQUITY</b>						
<b>Current Liabilities</b>						
Accrued expenses	1,407,093	1,298,371	30,428,024	106,297,983	1,073,408	5,633,178
Due to broker	-	-	-	-	21,440,835	55,842,343
Income tax payable	-	-	-	43,718	1,921	35,228
Payable to fund manager	8,127,803	5,405,101	24,807,653	19,261,427	10,016,976	10,415,598
<b>Total Current Liabilities</b>	<b>9,534,896</b>	<b>6,703,472</b>	<b>55,235,677</b>	<b>125,603,128</b>	<b>32,533,140</b>	<b>122,630,347</b>
<b>Equity</b>						
Share capital	3,730,399,542	3,730,399,542	33,119,653	33,119,653	12,000,000	12,000,000
Deposit for future stock subscription	-	-	-	-	1,496,280,230	1,720,141,405
Additional paid in capital	1,900,130,005	1,526,167,159	6,546,907,250	6,568,293,334	2,096,529,094	1,852,908,794
Retained earnings	2,752,934,910	2,412,492,979	2,430,860,357	2,109,279,271	1,442,698,088	1,280,805,331
Treasury shares	(3,617,937,140)	(4,378,307,315)	(340,558,053)	(181,860,465)	(2,543,232)	(328,289)
<b>Total Equity</b>	<b>4,765,527,317</b>	<b>3,290,752,365</b>	<b>8,670,329,207</b>	<b>8,528,831,793</b>	<b>5,044,964,180</b>	<b>4,865,527,241</b>
	<b>P4,775,062,213</b>	<b>P3,297,455,837</b>	<b>P8,725,564,884</b>	<b>P8,654,434,921</b>	<b>P5,077,497,320</b>	<b>P4,988,157,588</b>
<b>NET ASSETS VALUE PER SHARE</b>	<b>P2.4081</b>	<b>P2.2183</b>	<b>P2.7223</b>	<b>P2.6305</b>	<b>P2.6863</b>	<b>P2.6116</b>

MONEY MARKET		GS FUND		DOLLAR ADVANTAGE		DOLLAR ABUNDANCE	
December 31		December 31		December 31		December 31	
2011	2010	2011	2010	2011	2010	2011	2010
PHP	PHP	PHP	PHP	USD	USD	USD	USD
P24,544,137	P21163808	P21,291,658	P22,128,802	277,150	1,396,554	223,345	267,736
3,504,769	31390	8,307,853	13,243,378	219,149	319,358	222,998	186,491
-	-	-	-	-	-	-	-
354,150,000	363670000	656,732,037	862,267,393	26,568,971	19,184,922	12,981,127	11,118,760
-	-	-	-	-	-	-	-
-	-	20,000	20,000	-	-	-	-
143,064,360	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<b>525,263,266</b>	<b>384,865,198</b>	<b>686,351,548</b>	<b>897,659,573</b>	<b>27,065,270</b>	<b>20,900,834</b>	<b>13,427,470</b>	<b>11,572,987</b>
-	-	-	-	-	-	-	-
698	422	-	-	-	-	-	-
<b>698</b>	<b>422</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>P525,263,964</b>	<b>P384,865,620</b>	<b>P686,351,548</b>	<b>P897,659,573</b>	<b>\$27,065,270</b>	<b>\$20,900,834</b>	<b>\$13,427,470</b>	<b>\$11,572,987</b>
801,764	5,906,498	263,393	266,685	61,013	115,172	5,973	82,689
-	-	-	-	-	-	-	-
276	194	-	-	5,953	27,183	24,497	19,008
786,988	390,532	1,294,281	1,484,668	34,156	33,713	8,756	16,482
<b>1,589,028</b>	<b>6,297,224</b>	<b>1,557,674</b>	<b>1,751,353</b>	<b>101,122</b>	<b>176,068</b>	<b>39,226</b>	<b>118,179</b>
1,000,000	1,000,000	2,000,000	2,000,000	124,000	124,000	40,000	40,000
389,707,799	265,804,803	364,994,543	622,139,723	10,356,424	4,057,730	7,584,670	6,452,051
126,766,775	107,497,992	233,599,255	220,568,462	14,757,806	14,362,189	4,320,680	4,227,600
6,208,484	4,267,929	84,418,116	51,202,072	1,827,164	2,195,101	1,443,787	736,451
(8,122)	(2,328)	(218,040)	(2,037)	(101,246)	(14,254)	(893)	(1,294)
<b>523,674,936</b>	<b>378,568,396</b>	<b>684,793,874</b>	<b>895,908,220</b>	<b>26,964,148</b>	<b>20,724,766</b>	<b>13,388,244</b>	<b>11,454,808</b>
<b>525,263,964</b>	<b>384,865,620</b>	<b>686,351,548</b>	<b>897,659,573</b>	<b>\$27,065,270</b>	<b>\$20,900,834</b>	<b>\$13,427,470</b>	<b>\$11,572,987</b>
<b>P1.1268</b>	<b>P1.1228</b>	<b>P1.4002</b>	<b>P1.3193</b>	<b>\$2.6513</b>	<b>\$2.6878</b>	<b>\$2.6747</b>	<b>\$2.5289</b>

**Sun Life Prosperity Funds** (Open-end Investment Companies)

**STATEMENTS OF COMPREHENSIVE INCOME**

STATEMENTS OF COMPREHENSIVE INCOME	BOND			BALANCED			PHILIPPINE EQUITY		
	For the Years Ended December 31			For the Years Ended December 31			For the Years Ended December 31		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
	PHP	PHP	PHP	PHP	PHP	PHP	PHP	PHP	PHP
<b>REVENUES</b>									
Interest income	P227,870,550	P215,000,555	P226,935,688	P78,896,589	P102,396,302	201,661,150	P13,387,379	P10,031,963	20,960,109
Net realized gains on investments	3,429,104	29,161,336	5,100,495	940,406,285	803,083,182	34,836,717	626,237,902	529,728,592	(4,190,666)
Dividend income	-	-	-	192,157,812	186,975,531	143,833,648	121,689,213	89,604,842	66,241,999
Reversal of accrued expenses	-	-	-	-	-	-	11,327,791	-	-
Other income	-	5,053,540	9,650,000	19,435,893	6,467,773	990,570	-	1,761,378	722,627
	231,299,654	249,215,431	241,686,183	1,230,896,579	1,098,922,788	381,322,085	772,642,285	631,126,775	83,734,069
<b>OPERATING EXPENSES</b>									
Investment management fees	69,924,224	52,782,376	43,783,536	207,021,930	185,318,728	156,924,620	123,003,411	86,648,990	54,388,839
Taxes and licenses	5,041,771	2,282,757	1,942,657	2,329,084	3,554,895	1,865,597	1,411,970	6,498,936	2,601,117
Professional fees	250,577	243,573	332,045	609,344	213,133	79,683	103,698	141,961	37,675
Custodian fees	298,158	229,411	161,863	1,606,741	893,584	1,740,955	1,140,493	806,013	633,853
Directors fees	224,000	140,000	160,000	367,500	240,000	240,000	387,500	240,000	240,000
Printing and supplies	48,973	50,513	50,374	69,330	189,758	100,506	59,152	140,450	44,621
Other expenses	-	8,756	-	-	-	-	499,437	397	-
	75,787,703	55,737,386	46,430,475	212,003,929	190,410,098	160,951,361	126,605,661	94,476,747	57,946,105
Profit (Loss) Before Unrealized Gains on Investments	155,511,951	193,478,045	195,255,708	1,018,892,650	908,512,690	220,370,724	646,036,624	536,650,028	25,787,964
Net Unrealized Gain (Loss) on Investments	230,919,343	73,118,190	(7,526,300)	(681,342,724)	1,254,259,438	1,185,707,296	(481,468,071)	718,366,540	827,746,763
Profit (Loss) Before Tax	386,431,294	266,596,235	187,729,408	337,549,926	2,162,772,128	1,406,078,020	164,568,553	1,255,016,568	853,534,727
Income Tax Expense	45,989,363	43,276,964	45,583,902	15,968,840	22,151,708	44,047,499	2,675,796	2,000,692	4,384,164
Profit After Tax	P340,441,931	P223,319,271	P142,145,506	P321,581,086	P2,140,620,420	P1,362,030,521	P161,892,757	P1,253,015,876	P849,150,563
Basic Earnings per Share	P0.20	P0.16	P0.11	P0.10	P0.61	P0.36	P0.08	P0.73	P0.36

STATEMENTS OF COMPREHENSIVE INCOME	MONEY MARKET			GS FUND			DOLLAR ADVANTAGE			DOLLAR ABUNDANCE		
	For the Years Ended December 31			For the Years Ended December 31			For the Years Ended December 31			For the Years Ended December 31		
	2011	2010	2009	2011	2010	2009	2011	2010	2009	2011	2010	2009
	PHP	PHP	PHP	PHP	PHP	PHP	USD	USD	USD	USD	USD	USD
Interest income	10,838,061	8,706,946	13,420,402	37,559,106	20,323,754	7,676,996	539,612	743,208	632,789	521,671	328,450	163,605
Net realized gains on investments	-	-	-	5,338,320	-	-	193,019	295,407	(22,862)	-	-	51,236
Dividend income	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of accrued expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other income	13,780	9,712	2,320	-	-	-	10,739	-	4,066	-	-	1,734
	10,851,841	8,716,658	13,422,722	42,897,426	20,323,754	7,676,996	743,370	1,038,615	613,993	521,671	328,450	216,575
Investment management fees	5,452,893	3,711,649	3,984,761	13,214,892	6,475,578	1,878,496	466,915	347,561	298,748	227,946	132,868	58,084
Taxes and licenses	116,475	90,592	87,956	114,112	73,557	48,406	3,680	1,759	29,627	1,984	1,415	880
Professional fees	78,576	157,779	70,737	73,306	97,727	65,892	2,425	2,534	2,350	1,730	3,587	1,605
Custodian fees	12,890	900	10,461	56,762	30,580	6,954	1,548	4,344	3,888	1,535	1,088	707
Directors fees	154,000	140,000	160,000	244,000	160,000	160,000	5,754	3,650	3,478	5,712	3,650	3,478
Printing and supplies	48,973	40,957	24,268	49,483	36,562	33,473	1,132	724	569	1,144	362	445
Other expenses	-	-	50	-	2,030	-	-	3,809	-	1,471	1,510	-
	5,863,807	4,141,877	4,338,233	13,752,555	6,876,034	2,193,221	481,454	364,381	338,660	241,522	144,480	65,199
Profit (Loss) Before Unrealized Gains on Investments	-	-	-	29,144,871	13,447,720	5,483,775	261,916	674,234	275,333	280,149	183,970	151,376
Net Unrealized Gain (Loss) on Investments	-	-	-	13,713,179	30,824,766	3,768,493	(590,953)	287,251	1,383,667	522,420	209,984	325,197
Profit (Loss) Before Tax	4,988,034	266,596,235	9,084,489	42,858,050	44,272,486	9,252,268	(329,037)	961,485	1,659,000	802,569	393,954	476,573
Income Tax Expense	3,047,479	43,276,964	2,695,779	9,642,006	5,029,516	1,793,820	38,900	110,603	80,048	95,233	65,735	28,419
Profit After Tax	P1,940,555	P2,836,453	P6,388,710	P33,216,044	P39,242,970	P7,458,448	(\$367,937)	\$850,882	\$1,578,952	\$707,336	\$328,219	\$448,154
Basic Earnings per Share	P0.004	P0.009	P0.017	P0.06	P0.13	P0.08	(\$0.04)	\$0.12	\$0.22	\$0.15	\$0.11	\$0.29

**Sun Life Prosperity Funds** (Open-end Investment Companies)

**STATEMENTS OF CHANGES IN EQUITY**

BOND	For the Years Ended December 31					
	Share Capital	Deposit for future stock subscriptions	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Total
Balance, January 1, 2009	P3,700,136,121	-	P1,306,134,239	P2,047,028,202	(P4,557,581,151)	P2,495,717,411
Profit for the year	-	-	-	142,145,506	-	142,145,506
Transactions with owners: Issuance of redeemable shares during the year	30,263,421	-	82,103,066	-	741,216,398	853,582,885
Redemption of redeemable shares during the year	-	-	-	-	(712,621,360)	(712,621,360)
<b>Total Transactions with owners</b>	30,263,421	-	82,103,066	-	28,595,038	140,961,525
Balance, December 31, 2009	3,730,399,542	-	1,388,237,305	2,189,173,708	(4,528,986,113)	2,778,824,442
Profit for the year	-	-	-	223,319,271	-	223,319,271
Transactions with owners: Issuance of redeemable shares during the year	-	-	137,929,854	-	900,825,838	1,038,755,692
Redemption of redeemable shares during the year	-	-	-	-	(750,147,040)	(750,147,040)
<b>Total Transactions with owners</b>	-	-	137,929,854	-	150,678,798	288,608,652
Balance, December 31, 2010	3,730,399,542	-	1,526,167,159	2,412,492,979	(4,378,307,315)	3,290,752,365
Profit for the year	-	-	-	340,441,931	-	340,441,931
Transactions with owners: Issuance of redeemable shares during the year	-	-	373,962,846	-	1,703,755,702	2,077,718,548
Redemption of redeemable shares during the year	-	-	-	-	(943,385,527)	(943,385,527)
<b>Total Transactions with owners</b>	-	-	373,962,846	-	760,370,175	1,134,333,021
Balance, December 31, 2011	P3,730,399,542	-	P1,900,130,005	P2,752,934,910	(P3,617,937,140)	P4,765,527,317

BALANCED	For the Years Ended December 31					
	Share Capital	Deposit for future stock subscriptions	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Total
Balance, January 1, 2009	P 2,000,000	P7,402,944,367	P 564,738,123	(P1,393,371,670)	(P 7,036)	P6,576,303,784
Profit for the year	-	-	-	1,362,030,521	-	1,362,030,521
Transactions with owners: Issuance of redeemable shares during the year	-	-	118,477,475	-	1,227,041,495	1,345,518,970
Redemption of redeemable shares during the year	-	-	-	-	(1,227,037,210)	(1,227,037,210)
Net redemption of deposits for future stock subscriptions	-	(426,238,379)	-	-	-	(426,238,379)
<b>Total Transactions with owners</b>	-	(426,238,379)	118,477,475	-	4,285	(307,756,619)
Balance, December 31, 2009	2,000,000	6,976,705,988	683,215,598	(31,341,149)	(2,751)	7,630,577,686
Profit for the year	-	-	-	2,140,620,420	-	2,140,620,420
Transactions with owners: Issuance of redeemable shares during the year	31,119,653	-	5,885,077,736	-	2,793,005,917	8,709,203,306
Redemption of redeemable shares during the year	-	-	-	-	(2,974,863,631)	(2,974,863,631)
Net redemption of deposits for future stock subscriptions	-	(6,976,705,988)	-	-	-	(6,976,705,988)
<b>Total Transactions with owners</b>	31,119,653	(6,976,705,988)	5,885,077,736	-	(181,857,714)	(1,242,366,313)
Balance, December 31, 2010	33,119,653	-	6,568,293,334	2,109,279,271	(181,860,465)	8,528,831,793
Profit for the year	-	-	-	321,581,086	-	321,581,086
Transactions with owners: Issuance of redeemable shares during the year	-	-	-	-	2,662,119,216	2,662,119,216
Redemption of redeemable shares during the year	-	-	(21,386,084)	-	(2,820,816,804)	(2,842,202,888)
<b>Total Transactions with owners</b>	-	-	(21,386,084)	-	(158,697,588)	(180,083,672)
Balance, December 31, 2011	P33,119,653	-	P6,546,907,250	P2,430,860,357	(P340,558,053)	P8,670,329,207



**Sun Life Prosperity Funds** (Open-end Investment Companies)

**STATEMENTS OF CHANGES IN EQUITY**

PHILIPPINE EQUITY	For the Years Ended December 31					
	Share Capital	Deposit for future stock subscriptions	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Total
Balance, January 1, 2009	P 2,000,000	P2,377,616,531	P400,823,355	(P821,361,108)	(P30,047)	P1,959,048,731
Profit for the year	-	-	-	849,150,563	-	849,150,563
Transactions with owners:						
Issuance of redeemable shares during the year	-	-	57,544,937	-	985,745,559	1,043,290,496
Redemption of redeemable shares during the year	-	-	-	-	(985,716,028)	(985,716,028)
Redemption of deposit for future stock subscriptions	-	183,285,675	-	-	-	183,285,675
<b>Total Transactions with owners</b>	-	183,285,675	57,544,937	-	29,531	240,860,143
Balance, December 31, 2009	2,000,000	2,560,902,206	458,368,292	27,789,455	(516)	3,049,059,437
Profit for the year	-	-	-	1,253,015,876	-	1,253,015,876
Transactions with owners:						
Issuance of redeemable shares during the year	10,000,000	-	1,394,540,502	-	2,957,340,646	4,361,881,148
Redemption of redeemable shares during the year	-	-	-	-	(2,957,668,419)	(2,957,668,419)
Net redemption of deposits for future stock subscriptions	-	(840,760,801)	-	-	-	(840,760,801)
<b>Total Transactions with owners</b>	10,000,000	(840,760,801)	1,394,540,502	-	(327,773)	563,451,928
Balance, December 31, 2010	12,000,000	1,720,141,405	1,852,908,794	1,280,805,331	(328,289)	4,865,527,241
Profit for the year	-	-	-	161,892,757	-	161,892,757
Transactions with owners:						
Issuance of redeemable shares during the year	-	-	243,620,300	-	4,301,801,547	4,545,421,847
Redemption of redeemable shares during the year	-	-	-	-	(4,304,016,490)	(4,304,016,490)
Redemption of deposit for future stock subscriptions	-	(223,861,175)	-	-	-	(223,861,175)
<b>Total Transactions with owners</b>	-	(223,861,175)	243,620,300	-	(2,214,943)	17,544,182
Balance, December 31, 2011	P12,000,000	P1,496,280,230	P2,096,529,094	P1,442,698,088	(P2,543,232)	P5,044,964,180

MONEY MARKET	For the Years Ended December 31					
	Share Capital	Deposit for future stock subscriptions	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Total
Balance, January 1, 2009	P1,000,000	P406,539,346	P125,746,957	(P4,957,234)	(P449)	P528,328,620
Profit for the year	-	-	-	6,388,710	-	6,388,710
Transactions with owners:						
Issuance of redeemable shares during the year	-	-	17,602,507	-	667,649,283	685,251,790
Redemption of redeemable shares during the year	-	-	-	-	(667,649,137)	(667,649,137)
Redemption of deposit for future stock subscriptions	-	(257,331,870)	-	-	-	(257,331,870)
<b>Total Transactions with owners</b>	-	(257,331,870)	17,602,507	-	146	(239,729,217)
Balance, December 31, 2009	1,000,000	149,207,476	143,349,464	1,431,476	(303)	294,988,113
Profit for the year	-	-	-	2,836,453	-	2,836,453
Transactions with owners:						
Issuance of redeemable shares during the year	-	-	-	-	1,070,931,010	1,070,931,010
Redemption of redeemable shares during the year	-	-	(35,851,472)	-	(1,070,933,035)	(1,106,784,507)
Net issuance of deposits for future stock subscriptions	-	116,597,327	-	-	-	116,597,327
<b>Total Transactions with owners</b>	-	116,597,327	(35,851,472)	-	(2,025)	80,743,830
Balance, December 31, 2010	1,000,000	265,804,803	107,497,992	4,267,929	(2,328)	378,568,396
Profit for the year	-	-	-	1,940,555	-	1,940,555
Transactions with owners:						
Issuance of redeemable shares during the year	-	-	19,268,783	-	1,742,410,104	1,761,678,887
Redemption of redeemable shares during the year	-	-	-	-	(1,742,415,898)	(1,742,415,898)
Net issuance of deposits for future stock subscriptions	-	123,902,996	-	-	-	123,902,996
<b>Total Transactions with owners</b>	-	123,902,996	19,268,783	-	(5,794)	143,165,985
Balance, December 31, 2011	P1,000,000	P389,707,799	P126,766,775	P6,208,484	(P8,122)	P523,674,936

Sun Life Prosperity Funds (Open-end Investment Companies)

GS FUND	For the Years Ended December 31					
	Share Capital	Deposit for future stock subscriptions	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Total
Balance, January 1, 2009	P1,058,261	-	P109,782,549	P7,225,741	(P44,830,700)	P73,235,851
Profit for the year	-	-	-	7,458,448	-	7,458,448
Transactions with owners:						
Issuance of redeemable shares during the year	613,351	-	75,461,865	-	96,724,704	172,799,920
Redemption of redeemable shares during the year	-	-	-	-	(54,818,673)	(54,818,673)
Stock dividend declaration	23,403	-	2,701,684	(2,725,087)	-	-
<b>Total Transactions with owners</b>	<b>636,754</b>	<b>-</b>	<b>78,163,549</b>	<b>(2,725,087)</b>	<b>41,906,031</b>	<b>117,981,247</b>
Balance, December 31, 2009	1,695,015	-	187,946,098	11,959,102	(2,924,669)	198,675,546
Profit for the year	-	-	-	39,242,970	-	39,242,970
Transactions with owners:						
Issuance of redeemable shares during the year	304,985	-	32,622,364	-	324,670,795	357,598,144
Redemption of redeemable shares during the year	-	-	-	-	(321,748,163)	(321,748,163)
Net issuance of deposits for future stock subscriptions	-	622,139,723	-	-	-	622,139,723
<b>Total Transactions with owners</b>	<b>304,985</b>	<b>622,139,723</b>	<b>32,622,364</b>	<b>-</b>	<b>2,922,632</b>	<b>657,989,704</b>
Balance, December 31, 2010	2,000,000	622,139,723	220,568,462	51,202,072	(2,037)	895,908,220
Profit for the year	-	-	-	33,216,044	-	33,216,044
Transactions with owners:						
Issuance of redeemable shares during the year	-	-	13,030,793	-	624,100,651	637,131,444
Redemption of redeemable shares during the year	-	-	-	-	(624,100,651)	(624,100,651)
Net issuance of deposits for future stock subscriptions	-	(257,145,180)	-	-	-	(257,145,180)
<b>Total Transactions with owners</b>	<b>-</b>	<b>(257,145,180)</b>	<b>13,030,793</b>	<b>-</b>	<b>-</b>	<b>(244,114,387)</b>
Balance, December 31, 2011	P2,000,000	P364,994,543	P233,599,255	P84,418,116	(P218,040)	P684,793,874

STATEMENTS OF CHANGES IN EQUITY

DOLLAR ADVANTAGE	For the Years Ended December 31					
	Share Capital	Deposit for future stock subscriptions	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Total
Balance, January 1, 2009	\$124,000	\$3,288,621	\$13,973,256	(\$234,733)	(\$1,178)	\$17,149,966
Profit for the year	-	-	-	1,578,952	-	1,578,952
Transactions with owners:						
Issuance of redeemable shares during the year	-	-	-	-	2,582,867	2,582,867
Redemption of redeemable shares during the year	-	-	(273,027)	-	(2,587,339)	(2,860,366)
Net issuance of deposits for future stock subscriptions	-	398,263	-	-	-	398,263
<b>Total Transactions with owners</b>	<b>-</b>	<b>398,263</b>	<b>(273,027)</b>	<b>-</b>	<b>(4,472)</b>	<b>120,764</b>
Balance, December 31, 2009	124,000	3,686,884	13,700,229	1,344,219	(5,650)	18,849,682
Profit for the year	-	-	-	850,882	-	850,882
Transactions with owners:						
Issuance of redeemable shares during the year	-	-	661,960	-	2,739,910	3,401,870
Redemption of redeemable shares during the year	-	-	-	-	(2,748,514)	(2,748,514)
Net issuance of deposits for future stock subscriptions	-	370,846	-	-	-	370,846
<b>Total Transactions with owners</b>	<b>-</b>	<b>370,846</b>	<b>661,960</b>	<b>-</b>	<b>(8,604)</b>	<b>1,024,202</b>
Balance, December 31, 2010	124,000	4,057,730	14,362,189	2,195,101	(14,254)	20,724,766
Profit for the year	-	-	-	(367,937)	-	(367,937)
Transactions with owners:						
Issuance of redeemable shares during the year	-	-	395,617	-	3,561,491	3,957,108
Redemption of redeemable shares during the year	-	-	-	-	(3,648,483)	(3,648,483)
Net issuance of deposits for future stock subscriptions	-	6,298,694	-	-	-	6,298,694
<b>Total Transactions with owners</b>	<b>-</b>	<b>6,298,694</b>	<b>395,617</b>	<b>-</b>	<b>(86,992)</b>	<b>6,607,319</b>
Balance, December 31, 2011	\$124,000	\$10,356,424	\$14,757,806	\$1,827,164	(\$101,246)	\$26,964,148

DOLLAR ABUNDANCE	For the Years Ended December 31					
	Share Capital	Deposit for future stock subscriptions	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Total
Balance, January 1, 2009	\$32,637	-	\$3,365,583	\$39,922	(\$864,519)	\$2,573,623
Profit for the year	-	-	-	-	-	-
Transactions with owners:						
Issuance of redeemable shares during the year	7,363.00	-	908,152	-	1,136,765	2,052,280
Redemption of redeemable shares during the year	-	-	-	-	(274,439)	(274,439)
Net issuance of deposits for future stock subscriptions	-	878,739	-	-	-	878,739
<b>Total Transactions with owners</b>	<b>7,363</b>	<b>878,739</b>	<b>908,152</b>	<b>-</b>	<b>862,326</b>	<b>2,656,580</b>
Balance, December 31, 2009	40,000	878,739	4,273,735	408,232	(2,193)	5,598,513
Profit for the year	-	-	-	328,219	-	328,219
Transactions with owners:						
Issuance of redeemable shares during the year	-	-	-	-	1,431,651	1,431,651
Redemption of redeemable shares during the year	-	-	(46,135)	-	(1,430,752)	(1,476,887)
Net issuance of deposits for future stock subscriptions	-	5,573,312	-	-	-	5,573,312
<b>Total Transactions with owners</b>	<b>-</b>	<b>5,573,312</b>	<b>(46,135)</b>	<b>-</b>	<b>899</b>	<b>5,528,076</b>
Balance, December 31, 2010	40,000	6,452,051	4,227,600	736,451	(1,294)	11,454,808
Profit for the year	-	-	-	707,336	-	707,336
Transactions with owners:						
Issuance of redeemable shares during the year	-	-	93,080	-	2,551,820	2,644,900
Redemption of redeemable shares during the year	-	-	-	-	(2,551,419)	(2,551,419)
Net issuance of deposits for future stock subscriptions	-	1,132,619	-	-	-	1,132,619
<b>Total Transactions with owners</b>	<b>-</b>	<b>1,132,619</b>	<b>93,080</b>	<b>-</b>	<b>401</b>	<b>1,226,100</b>
Balance, December 31, 2011	\$40,000	\$7,584,670	\$4,320,680	\$1,443,787	(\$893)	\$13,388,244

## Sun Life Prosperity Funds (Open-end Investment Companies)

STATEMENTS OF CASH FLOWS	BOND		BALANCED		PHILIPPINE EQUITY	
	For the Years Ended December 31		For the Years Ended December 31		For the Years Ended December 31	
	2011	2010	2011	2010	2011	2010
	PHP	PHP	PHP	PHP	PHP	PHP
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Profit (Loss) before tax	386,431,294	266,596,235	337,549,926	2,162,772,128	164,568,553	1,255,016,568
Adjustment for:						
Net unrealized (gain) loss on investments	(230,919,343)	(73,118,190)	681,342,724	(1,254,259,438)	481,468,071	(718,366,540)
Amortization of premium	(3,429,104)	(29,161,336)	(940,406,285)	(803,083,182)	(626,237,902)	(529,728,592)
Gain from borrower's pre-termination of loans	-	(4,950,000)	-	(750,000)	-	-
Interest income	(227,870,550)	(215,000,555)	(78,896,589)	(102,396,302)	(13,387,379)	(10,031,963)
Dividend income	-	-	(192,157,812)	(186,975,531)	(121,689,213)	(89,604,842)
Reversal of accrued expenses	-	-	-	-	(11,327,791)	-
Operating cash flows before working capital changes	(75,787,703)	(55,633,846)	(192,568,036)	(184,692,325)	(126,605,661)	(92,715,369)
Increase in other receivables	-	-	-	-	-	-
Decrease (Increase) in:						
Due from brokers	-	-	(7,831,430)	-	2,399,508	(11,864,142)
Other current assets	13,693	(166,318)	55,152	(372,825)	-	-
Other non-current assets	(715,688)	(681,244)	-390,657	(89,728)	(226,555)	(35,228)
Increase in:						
Accrued expenses	108,722	35,252	(75,869,959)	74,072,757	(43,935,979)	43,982,102
Income tax payable	-	-	-	-	-	-
Other non-current assets	-	-	-	-	-	-
Due to broker	-	-	-	-	(34,401,508)	55,842,343
Payable to fund manager	2,722,702	1,674,740	554,6226	5,251,109	(398,622)	2,891,537
Cash used in operations	(73,658,274)	(54,771,416)	(271,058,704)	(105,831,012)	(203,168,817)	(1,898,757)
Acquisitions of financial assets at fair value through profit or loss	(76,030,375,826)	(50,632,054,190)	(139,328,516,970)	(89,383,079,129)	(92,927,439,693)	(49,038,802,962)
Proceeds from disposal of financial assets at fair value through profit or loss	74,791,113,711	50,303,170,408	139,531,525,298	90,439,640,020	92,954,333,120	48,417,411,360
Proceeds from maturities of financial assets at fair value through profit or loss	-	-	-	-	-	-
Income taxes paid	(45,989,363)	(45,108,984)	(16,012,558)	(22,151,708)	(2,709,103)	(1,965,464)
Net cash used in operating activities	(1,358,909,752)	(428,764,182)	(84,062,934)	928,578,171	(178,984,493)	(625,255,823)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Acquisitions of held-to-maturity investments	-	-	-	-	-	-
Proceeds from pre-termination of loans receivable	-	169,950,000	-	25,750,000	-	-
Proceeds from maturity of loans receivable	390,000,000	-	-	-	-	-
Issuance of loans receivable	(680,000,000)	-	189,383,525	188,104,606	-	-
Interest received	255,567,415	245,674,155	68,480,464	129,157,078	13,362,650	12,853,239
Dividends received	-	-	-	-	118,420,959	90,246,340
Net cash (used in) generated from investing activities	(34,432,585)	415,624,155	257,863,989	343,011,684	131,783,609	103,099,579
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Proceeds from issuance of redeemable shares	2,077,718,548	1,038,755,692	2,662,119,216	8,709,203,306	4,545,421,847	4,361,881,148
Payments on redemption of redeemable shares	(943,385,527)	(750,147,040)	(2,842,202,888)	(2,974,863,631)	(4,304,016,490)	(2,957,668,419)
Payments on redemption of deposits for future stock subscriptions	-	-	-	(6,976,705,988)	(223,861,175)	(840,760,801)
Payments on issuance of deposits for future stock subscriptions	-	-	-	-	-	-
Net cash generated from financing activities	1,134,333,021	288,608,652	(180,083,672)	(1,242,366,313)	17,544,182	563,451,928
Net (Decrease) Increase in Cash in Banks	(259,009,316)	275,468,625	(6,282,617)	(29,656,702)	(29,656,702)	41,295,684
Cash in Banks, Beginning	300,153,540	24,684,915	60,044,728	71,757,088	71,757,088	30,461,404
Cash, End	P41,144,224	P300,153,540	P53,762,111	P60,044,728	P42,100,386	P71,757,088

## STATEMENTS OF FINANCIAL POSITION

STATEMENTS OF FINANCIAL POSITION	MONEY MARKET		GS FUND		DOLLAR ADVANTAGE		DOLLAR ABUNDANCE	
	For the Years Ended December 31		For the Years Ended December 31		For the Years Ended December 31		For the Years Ended December 31	
	2011	2010	2011	2010	2011	2010	2011	2010
	PHP	PHP	PHP	PHP	USD	USD	USD	USD
<b>ASSETS</b>								
Cash	4,988,034	4,574,781	42,858,050	44,272,486	(329,037)	961,485	802,569	393,954
Money market investments	-	-	(13,713,179)	(30,824,766)	590,953	(287,251)	(522,420)	(209,984)
Government securities	-	-	(5,338,320)	-	(193,019)	(295,407)	-	-
Other investments	(10,838,061)	(8,706,946)	(37,559,106)	(20,323,754)	(539,612)	(743,208)	(521,671)	(328,450)
Receivables	-	-	-	-	-	-	-	-
Other assets	(5,850,027)	(4,132,165)	(13,752,555)	(6,876,034)	(470,715)	(364,381)	(241,522)	(144,480)
Total Assets	(10,558,499)	1,076,959	(13,946,234)	(5,564,179)	(524,431)	(313,617)	(325,964)	(68,748)
<b>LIABILITIES</b>								
Accounts payable	(36,326,450,000)	(32,478,070,000)	(16,142,305,971)	(11,796,004,758)	(657,995,906)	(585,462,024)	(340,081,315)	(268,524,646)
Accrued expenses	-	-	16,356,244,075	-	650,115,267	585,210,174	338,676,990	262,935,369
Income taxes payable	36,335,970,000	32,408,100,000	-	11,140,030,000	-	-	-	-
Other liabilities	(3,047,479)	(1,738,328)	(9,642,006)	(5,029,516)	(60,130)	(136,061)	(89,744)	(59,991)
Total Liabilities	(4,085,978)	(70,631,369)	190,349,864	(666,568,453)	(8,465,200)	(701,528)	(1,820,033)	(5,718,016)
<b>NET ASSETS</b>								
Total Net Assets	(147,463,713)	-	-	-	-	-	-	-
Net Assets per Share	11,764,035	8,897,725	53,143,382	15,233,931	738,477	876,388	549,542	309,228
Total Net Assets	(135,699,678)	8,897,725	53,143,382	15,233,931	738,477	876,388	549,542	309,228
<b>LIABILITIES AND NET ASSETS</b>								
Total Liabilities and Net Assets	1,761,678,887	1,070,931,010	637,131,444	357,598,144	3,957,108	3,401,870	2,644,900	1,431,651
Total Liabilities	(1,742,415,898)	(1,106,784,507)	(624,316,654)	(321,748,163)	(3,648,483)	(2,748,514)	(2,551,419)	(1,476,887)
Total Net Assets	123,902,996	116,597,327	(257,145,180)	-	-	-	-	-
Total Liabilities and Net Assets	-	-	-	622,139,723	6,298,694	370,846	1,132,619	5,573,312
Total Liabilities and Net Assets	143,165,985	80,743,830	(244,330,390)	657,989,704	6,607,319	1,024,202	1,226,100	5,528,076
Total Liabilities	3,380,329	19,010,186	(837,144)	6,655,182	(1,119,404)	1,199,062	(44,391)	119,288
Total Net Assets	21,163,808	2,153,622	22,128,802	15,473,620	1,396,554	197,492	267,736	148,448
Total Liabilities and Net Assets	P24,544,137	P21,163,808	(P21,291,658)	P22,128,802	\$277,150	\$1,396,554	\$223,345	\$267,736

## Sun Life Prosperity Funds (Open-end Investment Companies)

# NOTES TO FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

The Sun Life Prosperity Funds (the "Companies") are registered open-end investment companies under the Investment Company Act (R.A. No. 2629) and the Securities Regulation Code (R.A. No. 8799). As open-end investment companies, their shares are redeemable anytime based on the net assets value per share (NAVPS) at the time of redemption.

SUN LIFE PROSPERITY FUNDS (THE "COMPANIES")	INCORPORATION AND SEC REGISTRATION	START OF COMMERCIAL OPERATIONS
Sun Life of Canada Prosperity Bond Fund, Inc.	January 19, 2000	May 1, 2000
Sun Life of Canada Prosperity Balanced Fund, Inc.	December 21, 1999	May 1, 2000
Sun Life of Canada Prosperity Philippine Equity Fund, Inc.	January 17, 2000	May 1, 2000
Sun Life Prosperity Dollar Advantage Fund, Inc.	February 13, 2002	July 1, 2002
Sun Life Prosperity Money Market Fund, Inc.	March 5, 2004	July 1, 2004
Sun Life Prosperity Dollar Abundance Fund, Inc.	November 3, 2004	March 1, 2005
Sun Life Prosperity GS Fund, Inc.	November 3, 2004	March 1, 2005

#### Sun Life of Canada Prosperity Bond Fund, Inc.

Sun Life of Canada Prosperity Bond Fund, Inc. is engaged in the sale of redeemable shares and is designed to provide long-term interest income and principal preservation through investments in high-quality fixed-income securities issued by the Philippine government and prime Philippine companies aggregating below average risk.

#### Sun Life of Canada Prosperity Balanced Fund, Inc.

Sun Life of Canada Prosperity Balanced Fund, Inc. is engaged in the sale of redeemable shares and is designed to provide total returns consisting of current income and capital growth through investment in a mix of debt and equity securities from both domestic and foreign issuers.

#### Sun Life of Canada Prosperity Philippine Equity Fund, Inc.

Sun Life of Canada Prosperity Philippine Equity Fund, Inc. is engaged in the sale of redeemable shares and is designed to generate long-term capital appreciation through investments in high-quality equity securities diversified across sectors and issue sizes to provide portfolio volatility.

#### Sun Life Prosperity Money Market Fund, Inc.

Sun Life Prosperity Money Market Fund, Inc. is engaged in the sale of redeemable shares and is designed to maximize income as is considered consistent with capital protection through investments in fixed-income securities and other related investments issued by the Philippine government, commercial papers issued by corporations within the Philippines, certificates of deposit and other short-term peso-denominated instruments.

#### Sun Life Prosperity GS Fund, Inc.

Sun Life Prosperity GS Fund, Inc. is engaged in the sale of redeemable shares and is designed to generate total returns consisting of current income and capital preservation through investments in fixed-income instruments issued by the Republic of the Philippines and denominated in Philippine pesos.

#### Sun Life Prosperity Dollar Advantage Fund, Inc.

Sun Life Prosperity Dollar Advantage Fund, Inc. is engaged in the sale of redeemable shares and is designed to generate total long-term returns consisting of current income and capital growth in US Dollars through investments in foreign-currency denominated fixed-income investments issued by the Philippines, United States and other foreign governments and by Philippine and foreign corporations, common stocks and related securities, such as preferred stock, convertible securities, depository receipts issued by Philippine and foreign corporations and US-dollar denominated deposits.

#### Sun Life Prosperity Dollar Abundance Fund, Inc.

Sun Life Prosperity Dollar Abundance Fund, Inc. is engaged in the sale of redeemable shares and is designed to generate total long-term returns consisting of current income and capital growth in US dollars through investments in foreign-currency denominated fixed-income investments issued by the Philippines, United States and other foreign governments and by Philippine and foreign corporations, common stocks and related securities, such as preferred stock, convertible securities, depository receipts issued by Philippine and foreign corporations and US-dollar denominated deposits.

The Companies appointed Sun Life Asset Management Company, Inc. (SLAMCI), an investment management company incorporated in the Philippines and a wholly-owned subsidiary of Sun Life of Canada (Philippines), Inc. (SLOCPI), as their fund manager, adviser, administrator, distributor and transfer agent and provides management, distribution and all required operational services. Under the Management and Distribution Agreement, SLAMCI receives aggregate fees for these services at the following annual rates:

Sun Life of Canada Prosperity Bond Fund, Inc.	1.5% of daily average net assets managed
Sun Life of Canada Prosperity Balanced Fund, Inc.	2.0% of daily average net assets managed
Sun Life of Canada Prosperity Philippine Equity Fund, Inc.	2.0% of daily average net assets managed
Sun Life Prosperity Dollar Advantage Fund, Inc.	1.5% of daily average net assets managed
Sun Life Prosperity Money Market Fund, Inc.	0.80% of daily average net assets managed
Sun Life Prosperity Dollar Abundance Fund, Inc.	1.5% of daily average net assets managed
Sun Life Prosperity GS Fund, Inc.	1.5% of daily average net assets managed

The Companies' registered office address is at the 15th Floor, Tower II, The Enterprise Center, 6766 Ayala Avenue, Makati City.

### 2. FINANCIAL REPORTING FRAMEWORK

#### Statement of Compliance

The financial statements of the Companies have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the FRSC and adopted by the SEC.

#### Basis of Preparation and Presentation

The financial statements have been prepared on the historical cost basis, except for financial assets carried either at fair value or at amortized cost. These financial statements are presented in Philippine Peso and United States Dollar, the currency of the primary economic environment in which the Companies' operate.

### 3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

#### Adoption of New and Revised Accounting Standards Effective in 2010

The following new and revised accounting standards that have been published by the International Accounting Standards Board (IASB) and issued by the FRSC in the Philippines were adopted by the Companies effective January 1, 2011:

##### Amendments to PAS, PFRS and IFRIC

Amendment to PAS 32, Financial Instruments Presentation, the amendment states that rights, options and warrants issued to acquire a fixed number of an entity's own non-derivative equity instruments for a fixed amount in any currency are classified as equity instruments, provided the offer is made pro-rata to all existing owners of the same class of the entity's own non-derivative equity instruments.

The Amendment to PAS 32 does not have material impact on the Companies' financial statements.

Amendments to PAS 24, Related Party Disclosures, the Amendments simplify the disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a government (referred to as government-related entities) and clarify the definition of a related party.

The previous version of PAS 24 contained no specific exemption for government-related entities. Many entities, particularly in an environment

where government control is pervasive, found it problematic in practice to identify all government-related entities, and to quantify all related party transactions and balances with those entities.

As a result, the amendment to PAS 24 provides a partial exemption from the disclosure requirements of PAS 24 for government-related entities. Specifically, a reporting entity is exempt from the general disclosure requirements of PAS 24 in relation to related party transactions and outstanding balances (including commitments) with:

- a government that has control, joint control or significant influence over the reporting entity; and
- another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.

However, where a reporting entity is exempt from the general disclosure requirements the revised Standard requires the reporting entity to disclose the following information about the transactions and related outstanding balances:

- the name of the government and the nature of its relationship with the reporting entity (i.e., control, joint control or significant influence);
- sufficient detail about the nature and amount of each individually significant transaction and for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent.

A further amendment to PAS 24 simplified the definition of a related party, clarified its intended meaning and eliminated a number of inconsistencies. In summary, the revised definition is based on the following principles:

- in the assessment of a related party relationship, significant influence is regarded as equal to the relationship with key management personnel. It is therefore not as close as a relationship where control or joint control exists;
- two entities that are subject to control or joint control by the same party, are related to each other;
- if one party controls or jointly controls an entity and at the same time has significant influence over another entity, the associate and joint venture are related to each other;
- if two entities are both subject to significant influence by the same entity, the entities are not related to each other; and
- symmetry in the treatment of related party relationships. If the revised definition treats one party as related to a second party, the second party is also treated as related to the first party.

The amendment to PAS 24 does not have material impact on the Companies' financial statements.

#### 2010 Annual Improvements to PFRS

The following summarizes the amendments and transitional provisions of the improvements 2010 to PFRSs.

#### PFRS 7, *Financial Instruments: Disclosures*

PFRS 7 was amended as part of 2010 *Improvements to PFRSs* in order to clarify the existing disclosure requirements. The effect of the amendment is to encourage qualitative disclosures in the context of the quantitative disclosure required to help users to form an overall picture of the nature and extent of risks arising from financial instruments. This amendment also clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosure of renegotiated loan.

Amendments to quantitative and credit risk disclosures are as follows:

- Clarify that only financial asset whose carrying amount does not reflect the maximum exposure to credit risk need to provide further disclosure of the amount that represents the maximum exposure to such risk.
- Require, for all financial assets, disclosure of the financial effect of collateral held as security and other credit enhancements regarding the amount that best represents the maximum exposure to credit risk (e.g., a description of the extent to which collateral mitigates credit risk).
- Remove disclosure of the collateral held as security, other credit enhancements and an estimate of their fair value for financial assets that are past due but not impaired, and financial assets that are individually determined to be impaired.
- Remove the requirement to specifically disclose financial assets renegotiated to avoid becoming past due or impaired.
- Clarify that the additional disclosure required for financial assets obtained by taking possession of collateral or other credit enhancements are only applicable to assets still held at the reporting date.

#### PAS 1, *Presentation of Financial Statements*

PAS 1 was amended as part of *Improvements to PFRSs* issued in May 2010. The amendment clarifies that an entity may present the analysis of other comprehensive income by item either in the statement of changes in equity or in the notes to the financial statements.

The adoption of 2010 *Improvements to PFRSs* does not have material impact on the Companies' financial statements.

#### New Accounting Standards Effective After the Reporting Period Ended December 31, 2011

The Companies will adopt the following PFRS:

Amendments in PFRS 7, *Financial Instruments: Disclosures*, the amendments are designed to ensure that users of financial statements are able to more readily understand transactions involving the transfer of financial assets (for example, securitizations), including the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The amendments are effective for annual periods beginning on or after July 1, 2012.

Amendments in PAS 12, *Income Taxes*, the amendments were issued in response to concerns that application of deferred taxes can be difficult or subjective particularly for an investment property measured at fair value because it may be that the entity intends to hold the asset for an indefinite or indeterminate period of time, during which it anticipates both rental income and capital appreciation. The amendments have provided an exception to the principle when deferred tax assets or deferred tax liabilities arise from investment property measured using the fair value model in PAS 40, *Investment Property*, and for investment property acquired in a business combination if it is subsequently measured using the fair value model in PAS 40. The amendments are effective for annual periods beginning on or after July 1, 2012.

Amendments to PAS 1, *Presentation of Financial Statements*, the amendments require companies preparing financial statements in accordance with PFRSs to group items of other comprehensive income into items that might be reclassified to profit or loss in subsequent periods and items that will not be reclassified to profit or loss in subsequent periods. The amendments also reaffirm existing requirements that items in other comprehensive income and profit or loss should be presented as either a single statement or two consecutive statements. The amendments are effective for annual periods beginning on or after July 1, 2012.

Amendments to PAS 19, *Employee Benefits*, change the accounting for defined benefit plans and termination benefits. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when these occur, and hence eliminate the "corridor approach" permitted under the previous version of PAS 19 and accelerate the recognition of past service costs. In addition, the amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the statement of financial position to reflect the full value of the plan deficit or surplus.

PFRS 9, *Financial Instruments*, requires all recognized financial assets that are within the scope of PAS 39, *Financial Instruments: Recognition and Measurement*, to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

For financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. The standard is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

PFRS 10, *Consolidated Financial Statements*, have only one basis for consolidation, which is control. In addition, PFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in PFRS 10 to deal with complex scenarios. The standard is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

PFRS 11, *Joint Arrangements*, deals with how a joint arrangement of which two or more parties have joint control should be classified. Under PFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In addition, joint ventures under PFRS 11 are required to be accounted for using the equity method of accounting. The standard is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

PFRS 12, *Disclosures of Interest in Other Entities*, requires companies to disclose information about its interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in PFRS 12 are more extensive than those in the current standards. The standard is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

PFRS 13, *Fair Value Measurement*, establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of PFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other PFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in PFRS 13 are more extensive than those required in the current standards. The standard is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

PIC Q&A 2011-02, PFRS 3.2 – *Common Control Business Combinations*, provides guidance in accounting for common control combinations. It describes when to use the pooling of interest method or the acquisition method in accordance with PFRS 3 and also includes factors that may be considered when evaluating whether the transaction has commercial substance. The interpretation is effective for annual periods beginning on or after January 1, 2012. Early application is encouraged.

PIC Q&A 2011-03 – *Accounting for Inter-company Loans*, provides guidance on the accounting treatment of an interest free or below market rate loan between group companies. It includes discussion on the treatment of the different types of inter-company loans in the books of the parent company and subsidiaries, impairment assessment, and disclosure requirements. The interpretation is effective for annual periods beginning on or after January 1, 2012. Early application is encouraged.

PIC Q&A 2011-04, PAS 32.37-38 – *Costs of Public Offering of Shares*, provides guidance on the accounting treatment of the costs of a Public Offering that involves issuing new shares and a listing with the stock exchange. It involves discussion on the nature of the costs and examples of different allocations when the transaction costs relate jointly to more than one transaction. The interpretation is effective for annual periods beginning on or after January 1, 2012. Early application is encouraged.

PIC Q&A 2011-05, PFRS 1.D1-D8 – *Fair Value or Revaluation as Deemed Cost*, provides guidance on the accounting treatment of the revaluation increment of property, plant and equipment when revalued amounts are accounted for as “deemed cost” at the date of transition to PFRS (or PFRS for SMEs). It requires that the revaluation increment shall be closed to opening retained earnings and not to another equity category. It further requires that the amount closed to retained earnings is not available for dividend distribution. Furthermore, it discusses the disclosure requirement and whether to include a third statement of financial position. The interpretation is effective from the date of approval by FRSC of January 25, 2012. Management has yet to determine the impact of these new standards, amendments and interpretations on the Companies’ financial statements.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Financial Assets

###### *Initial recognition of financial assets*

Financial assets are recognized in the Companies’ financial statements when the Companies become a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets, except for investments classified as at fair value through profit or loss. In a regular way purchase or sale, financial assets are recognized and derecognized, as applicable, using trade date accounting.

###### *Classification of financial assets*

Financial assets are classified into the following specified categories: financial assets ‘at fair value through profit or loss’, ‘held-to-maturity’ investments, ‘available-for-sale’ financial assets and ‘loans and receivables’. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

###### *Financial assets at fair value through profit or loss*

Financial assets are classified as investments at fair value through profit or loss when these are acquired for trading or are designated upon initial recognition.

A financial asset is classified as held for trading if:

- a. it has been acquired principally for the purpose of selling in the near future; or
- b. it is a part of an identified portfolio of financial instruments that the Companies manages together and has a recent actual pattern of short-term profit-taking; or
- c. it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- a. such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- b. the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Companies’ documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- c. it forms part of a contract containing one or more embedded derivatives, and it is permitted that the entire combined contract to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in the profit or loss incorporates interest earned on the financial asset.

###### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The Companies’ financial assets classified under this category include cash in banks, loans receivable, due from brokers and accrued interest receivable.

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period.

###### *Held-to-maturity investments*

Traded bonds and other debentures with fixed or determinable payments that the Companies have the positive intent and ability to hold to maturity are classified as held-to maturity investments. Held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment, with revenue recognized on an effective yield basis.

###### *Effective interest method*

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period.

###### *Derecognition of financial assets*

The Companies derecognize a financial asset only when the contractual rights to the cash flows from the asset expire or when the Companies transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the carrying amount of the financial asset derecognized and the consideration received or receivable is recognized in profit or loss.

If the Companies neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Companies recognize its retained interest in the asset and an associated liability for amounts it may have to pay. If the Companies retain substantially all the risks and rewards of ownership of a transferred financial asset, the Companies continue to recognize the financial asset and also recognize a collateralized borrowing for the proceeds received.

##### Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

*Objective evidence of impairment*

For financial assets carried at amortized cost, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; and
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Companies' past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

*Financial assets carried at amortized cost*

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the financial asset's original effective interest rate, i.e., the effective interest rate computed at initial recognition. The carrying amount of financial assets carried at amortized cost is reduced directly by the impairment loss, with the exception of trade receivables wherein the carrying amount is reduced through the use of an allowance account. When trade receivables are considered uncollectible, these are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in profit or loss.

**Financial Liabilities and Equity Instruments***Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

*Financial liabilities*

Financial liabilities are recognized in the Companies' financial statements when the Companies become a party to the contractual provisions of the instrument. Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial measurement of the Companies' financial liabilities, except for debt instruments classified as at fair value through profit or loss.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Since the Companies do not have financial liabilities classified as at fair value through profit or loss, all financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial liabilities are derecognized by the Companies when the obligation under the liability is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Companies after deducting all of its liabilities. Equity instruments issued by the Companies are recognized at the proceeds received, net of direct issue costs.

Redeemable shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. The costs of acquiring the Companies' own shares are shown as a deduction from equity attributable to the Companies' equity holders until the shares are cancelled or reissued. When such shares are subsequently sold or reissued, any consideration

received, net of directly attributable incremental transaction costs and the related income tax effects, are included in the equity attributable to the Companies' equity holders.

**Revenue Recognition**

Income is recognized to the extent that it is probable that the economic benefits will flow to the Companies and the revenue can be measured reliably. Income is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

*Interest income*

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

*Fair value gains*

Gains arising from changes in fair values of investments are disclosed under the policy on financial assets.

*Dividend income*

Dividend income from investments is recognized when the shareholders' right to receive payment has been established, usually at ex-dividend rate, provided that it is probable that the economic benefits will flow to the Companies and the amount of income can be measured reliably.

**Expense Recognition**

Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss on the basis of: (i) a direct association between the costs incurred and the earning of specific items of income; (ii) systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or, (iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Expenses in the statements of comprehensive income are presented using the nature of expense method. Operating expenses are costs attributable to administrative and other business activities of the Companies.

**Related Parties**

A related party transaction is a transfer of resources, services or obligations between the Companies and a related party, regardless of whether a price is charged.

A person or a close member of that person's family is related to the Companies if that person

- has control or joint control over the Companies;
- has significant influence over the Companies; or
- is a member of the key management personnel of the reporting entity of a parent of the Companies

An entity is related to the Companies if any of the following conditions apply:

- the entity and the Companies are members of the same group which means that each parent, subsidiary and fellow subsidiary is related to the others;
- one entity is an associate or joint venture of the other entity or an associate or joint venture of a member of a group of which the other entity is a member;
- both entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is a post-employment benefit plan for the benefit of employees of either the Companies or an entity related to the Companies;
- the entity is controlled or jointly controlled by a person who is a related party as identified above; and
- a person that has control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity.

**Taxation**

Income tax expense represents the sum of the current tax expense and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Companies' liability for current tax is calculated using a 30% regular corporate income tax (RCIT) or 2% minimum corporate income tax (MCIT), whichever is higher.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and these relate to income taxes levied by the same taxation authority and the Companies intend to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognized as an expense or income in profit or loss, except when these relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax are also recognized outside profit or loss.

**Earnings per Share**

The Companies compute its basic earnings per share by dividing the profit for the year by the monthly weighted average number of issued and outstanding shares including deposit for future subscription, if any, during the period.

For the purpose of calculating diluted earnings per share, profit or loss for the year attributable to ordinary equity holders of the Companies and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

**Events after the Reporting Period**

The Companies identify events after the end of the reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The financial statements of the Companies are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the financial statements when material.

**5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Companies' accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical Judgments in Applying Accounting Policies**

The following are the critical judgments, apart from those involving estimations, that Management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

*Functional currency*

Based on the economic substance of the underlying circumstances relevant to the Companies, the functional currency of Sun Life Prosperity Dollar Advantage and Sun Life Prosperity Dollar Abundance Funds have been determined to be USD. The USD is the currency of the primary economic environment in which the Companies operates. It is the currency being used to report the Companies' results of operations.

*Loans and receivables designated as fair value through profit or loss*

The Companies designated its special savings deposits as financial asset at fair value through profit or loss since it forms part of a group of managed financial assets whose performance is evaluated on a fair value basis, in accordance with the Companies' documented risk management or investment strategy. The information about the group of managed financial assets is provided internally on that basis to the Companies' management.

As at December 31, 2011 and 2010, the carrying amounts of special savings deposits are as follows, as disclosed in Note 10.

SPECIAL SAVINGS DEPOSIT	2011	2010
Bond Fund	P 392,150,000	P 291,470,000
Balanced Fund	P 933,430,000	P 1,028,470,000
Philippine Equity Fund	P 710,580,000	P 568,790,000
Money Market Fund	P 354,150,000	P 363,670,000
GS Fund	P 46,980,000	P 60,860,000
Dollar Advantage Fund	\$7,622,600	\$2,944,100
Dollar Abundance Fund	\$1,328,100	\$2,336,000

*Puttable shares designated as equity instruments*

The Companies designated its redeemable share capital as equity instruments when the Companies adopted the amendments in PAS 32, *Financial Instruments: Presentation*, and PAS 1, *Presentation of Financial Statements: Financial Instruments Puttable at Fair Value and Obligations Arising on Liquidation*, effective for annual reporting periods beginning on or after January 1, 2009. The Companies' share capital met the specified criteria to be presented as equity.

A puttable financial instrument includes a contractual obligation for the issuer to repurchase or redeem that instrument for cash or another financial asset on exercise of the put. As an exception to the definition of a financial liability, an instrument that includes such an obligation is classified as an equity instrument if it has all the following features:

- a. it entitles the holder to a pro rata share of the entity's net assets in the event of the entity's liquidation. The entity's net assets are those assets that remain after deducting all other claims on its assets;
- b. apart from the contractual obligation for the issuer to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity, and it is not a contract that will or may be settled in the entity's own equity instruments; and
- c. the total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the entity over the life of the instrument (excluding any effects of the instrument).

As at December 31, 2011 and 2010, the recognized equity in the statements of financial position amounted to the following:

EQUITY	2011	2010
Bond Fund	P 4,765,527,317	P 3,290,752,365
Balanced Fund	P 8,670,329,207	P 8,528,831,793
Philippine Equity Fund	P 5,044,964,180	P 4,865,527,241
Money Market Fund	P 523,674,936	P 378,568,396
GS Fund	P 684,793,874	P 895,908,220
Dollar Advantage Fund	\$26,964,148	\$20,724,766
Dollar Abundance Fund	\$13,388,244	\$11,454,808



**Key Sources of Estimation Uncertainty**

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

*Fair value of financial assets at fair value through profit or loss*

The Companies carry its financial assets at fair value through profit or loss at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, i.e., foreign exchange rates, interest rates, volatility rates, the amount of changes in fair value would differ if the Companies utilized different valuation methodology. Any changes in fair value of these financial assets would directly affect the profit or loss.

As at December 31, 2011 and 2010, the carrying amounts of financial assets carried at fair value through profit or loss subsequent to initial recognition and the net unrealized fair value gains and loss on investments recognized as part of profit before tax in the statements of comprehensive income are the following:

2011	BOND	BALANCED	PHILIPPINE EQUITY	MONEY MARKET	GS FUND	DOLLAR ADVANTAGE	DOLLAR ABUNDANCE
Financial Assets at Fair Value	P3,991,532,165	P8,570,169,872	P5,021,464,907	P354,150,000	P656,732,037	\$26,568,971	\$12,981,127
Net Unrealized Gain (Loss)	230,919,343	(681,342,724)	718,366,450	-	13,713,179	(590,953)	522,420
2010							
Financial Assets at Fair Value	2,555,003,442	8,519,880,580	4,903,588,503	363,670,000	862,267,393	19,184,922	11,118,760
Net Unrealized Gain (Loss)	73,118,190	1,254,259,438	718,366,450	-	30,824,766	287,251	209,984
2009							
Net Unrealized Gain (Loss)	(7,526,300)	1,185,707,296	827,746,763	-	3,768,493	1,383,667	325,197

*Estimating allowances for doubtful accounts*

The Companies estimate the allowance for doubtful accounts related to its loans receivable based on assessment of specific accounts when the Companies have information that counterparties are unable to meet their financial obligations. In these cases judgment used was based on the best available facts and circumstances including, but not limited to, the length of relationship with the counterparties and the counterparties' current credit status based on third party credit reports and known market factors. The Companies used judgment to record specific reserves for counterparties against amounts due to reduce the expected collectible amounts. These specific reserves are re-evaluated and adjusted as additional information received impacts the amounts estimated.

The amounts and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in the allowance for doubtful accounts would increase the recognized operating expenses and decrease current assets.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Companies believe that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges.

As at December 31, 2011 and 2010, Management believes that the recoverability of their loans receivable, accrued interest receivable and due from brokers are certain; accordingly, no allowance for doubtful accounts is recognized in both years.

2011	BOND	BALANCED	PHILIPPINE EQUITY	MONEY MARKET	GS FUND	DOLLAR ADVANTAGE	DOLLAR ABUNDANCE
Loans Receivable	P680,000,000	P50,000,000	-	-	-	-	-
Accrued Interest Receivable	60,836,267	38,496,284	123,026	3,504,769	8,307,853	219,149	222,998
Due from Broker	-	7,831,430	9,464,634	-	-	-	-
2010							
Loans Receivable	390,317,914	50,000,000	-	-	-	-	-
Accrued Interest Receivable	51,133,379	22,314,218	98,297	31,390	13,243,378	319,358	186,491
Due from Broker	-	-	11,864,142	-	-	-	-

**6. FINANCIAL RISK MANAGEMENT**

The Companies' activities expose it to a variety of financial risks: market risk, which includes interest rate risk and equity price risk; credit risk; and liquidity risk. The Fund Manager exerts best efforts to anticipate events that would negatively affect the value of the Companies' assets and take appropriate actions to counter these risks. However, there is no guarantee that the strategies will work as intended. The policies for managing specific risks are summarized below.

*Market risk*

The Companies' activities expose it primarily to the financial risks of changes in interest rates and prices of equity securities in the stock market. There has been no change to the Companies' exposure to market risks or the manner in which it manages and measures the risk.

*Interest rate risk*

The primary source of the Companies' interest rate risk relates to cash in banks, corporate loan, special savings deposits and fixed-income securities it holds. Interest rates of the financial assets are disclosed in Notes 8 and 18.

The risk is managed by the Companies by actively monitoring the prevailing interest rate environment. The duration of the portfolio is reduced during periods of rising rates and widening credit spreads to maximize interest income potential. Conversely, the same is increased during periods of falling rates and narrowing credit spreads.

A 2% increase or decrease in the interest rate of financial assets at fair value through profit or loss and loans receivable have been determined for sensitivity analysis based on the exposure to interest rates for financial assets at fair value through profit or loss and loans receivable at the end of each reporting period. The same is used for reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonable effect of a possible change in interest rates.

If interest rates of corporate loan, special savings deposits and fixed-income securities had been 2% higher/lower and all other variables are held constant, the Companies' profit for the years ended 2011 and 2010 would have increased/decreased by, respectively.

INTEREST RATE RISK	2011	2010
Bond Fund	P64,192,832	P40,472,485
Balanced Fund	45,233,946	26,361,423
Philippine Equity Fund	9,708,569	7,771,310
Money Market Fund	1,721,734	1,259,302
GS Fund	9,024,339	11,848,658
Dollar Advantage Fund	\$228,219	\$226,137
Dollar Abundance Fund	\$178,377	\$152,786

### Equity price risk

The Companies are exposed to equity price risks arising from equity investments. Equity investments could either be held for strategic or trading purposes.

The risk is managed by the Companies by actively monitoring the Philippine Stock Exchange Index. Portfolios are traded based on a combination of regularly-carried out fundamental and technical analyses of stock prices.

Based on the exposure to equity price risks at the end of each reporting period, if equity prices had been 2% higher/lower, profit for the years ended December 31, 2011 and 2010 would have increased/decreased by, respectively.

EQUITY PRICE RISK	2011	2010
Balanced Fund	P72,542,400	P90,727,827
Philippine Equity Fund	58,989,832	59,473,435

Other than interest and equity price risks discussed above, there are no other market risks which will significantly affect the Companies' performance.

### Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting to financial loss to the Companies. The Companies have adopted a policy of dealing only with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults, and transacts only with entities that are rated the equivalent of investment grade of AAA down to minimum BBB. This information is supplied by independent rating agencies, when available. If the information is not available, the Companies use other publicly available financial information and its own trading records to rate its major customers. The Companies' exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Companies do not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Companies define counterparties as having similar characteristics if these are related entities. The credit risk on liquid funds, as disclosed in Notes 10 and 12, is limited because the counterparties are commercial banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amounts of financial assets recorded in the financial statements represents the Companies' maximum exposure to credit risk without taking account of the value of any collateral obtained:

2011	BOND	BALANCED	PHILIPPINE EQUITY
Financial assets at fair value through profit or loss	P3,991,532,165	P3,260,718,248	P710,580,000
Loans and receivables	680,000,000	50,000,000	-
Cash in banks	41,144,224	53,762,111	42,100,386
Accrued interest receivable	60,836,267	38,496,284	123,026
Due from brokers	-	7,831,430	9,464,634
2010			
Financial assets at fair value through profit or loss	2,555,003,442	1,879,419,234	568,790,000
Loans and receivables	390,317,914	50,000,000	-
Cash in banks	300,153,540	60,044,728	71,757,088
Accrued interest receivable	51,133,379	22,314,218	98,297
Due from brokers	-	-	11,864,142

2011	MONEY MARKET	GS FUND
Financial assets at fair value through profit or loss	P354,150,000	P656,732,037
Held-to-maturity investments	143,064,360	-
Cash in banks	24,544,137	21,291,658
Accrued interest receivable	3,504,769	8,307,853
Other Receivables	-	20,000
2010		
Financial assets at fair value through profit or loss	363,670,000	862,267,393
Held-to-maturity investments	-	-
Cash in banks	21,163,808	22,128,802
Accrued interest receivable	31,390	13,243,378
Other Receivables	-	20,000

2011	DOLLAR ADVANTAGE	DOLLAR ABUNDANCE
Financial assets at fair value through profit or loss	\$16,608,271	\$12,981,127
Cash in banks	277,150	223,345
Accrued interest receivable	219,149	222,998
2010		
Financial assets at fair value through profit or loss	\$16,456,782	\$11,118,760
Cash in banks	1,396,554	267,736
Accrued interest receivable	319,358	186,491

Carrying amounts of actual exposure of loans receivable in 2011 and 2010, as disclosed in Note 12, amounted to:

2011	BOND	BALANCED
Ayala Land Inc.	-	-
Manila Electric Company	180,000,000	-
SM Investments Company, Inc.	250,000,000	-
SM Prime Holdings, Inc.	-	50,000,000
Petron Corporation	250,000,000	-
2010		
Ayala Land Inc.	200,317,914	-
Manila Electric Company	-	-
SM Investments Company, Inc.	190,000,000	-
SM Prime Holdings, Inc.	-	50,000,000
Petron Corporation	-	-

The following table details the credit quality of the Companies neither past due nor impaired financial assets:

BOND FUND (NEITHER PAST DUE NOR IMPAIRED)	HIGH GRADE	SATISFACTORY GRADE	ACCEPTABLE GRADE	LOW GRADE	TOTAL
2011					
Financial assets at fair value through profit or loss	3,991,532,165	-	-	-	3,991,532,165
Loans and receivables	-	680,000,000	-	-	680,000,000
Cash in banks	41,144,224	-	-	-	41,144,224
Accrued interest receivable	-	60,836,267	-	-	60,836,267
	4,032,676,389	740,836,267	-	-	4,773,512,656
2010					
Financial assets at fair value through profit or loss	2,555,003,442	-	-	-	2,555,003,442
Loans and receivables	-	390,317,914	-	-	390,317,914
Cash in banks	300,153,540	-	-	-	300,153,540
Accrued interest receivable	-	51,133,379	-	-	51,133,379
	2,855,156,982	441,451,293	-	-	3,296,608,275

BALANCED FUND (NEITHER PAST DUE NOR IMPAIRED)	HIGH GRADE	SATISFACTORY GRADE	ACCEPTABLE GRADE	LOW GRADE	TOTAL
2011					
Financial assets at fair value through profit or loss	3,260,718,248	-	-	-	3,260,718,248
Loans and receivables	-	50,000,000	-	-	50,000,000
Cash in banks	53,762,111	-	-	-	53,762,111
Due from brokers	-	7,831,430	-	-	7,831,430
Accrued interest receivable	-	38,496,284	-	-	38,496,284
	3,314,480,359	96,327,714	-	-	3,410,808,073

BALANCED FUND (NEITHER PAST DUE NOR IMPAIRED)	HIGH GRADE	SATISFACTORY GRADE	ACCEPTABLE GRADE	LOW GRADE	TOTAL
<b>2010</b>					
Financial assets at fair value through profit or loss	1,879,419,234	-	-	-	1,879,419,234
Loans and receivables	-	50,000,000	-	-	50,000,000
Cash in banks	60,044,728	-	-	-	60,044,728
Accrued interest receivable	-	22,314,218	-	-	22,314,218
	1,939,463,962	72,314,218	-	-	2,011,778,180

PHILIPPINE EQUITY FUND (NEITHER PAST DUE NOR IMPAIRED)	HIGH GRADE	SATISFACTORY GRADE	ACCEPTABLE GRADE	LOW GRADE	TOTAL
<b>2011</b>					
Financial assets at fair value through profit or loss	710,580,000	-	-	-	710,580,000
Cash in banks	42,100,386	-	-	-	42,100,386
Due from brokers	-	9,464,634	-	-	9,464,634
Accrued interest receivable	-	123,026	-	-	123,026
	752,680,386	9,587,660	-	-	762,268,046
<b>2010</b>					
Financial assets at fair value through profit or loss	568,790,000	-	-	-	568,790,000
Cash in banks	71,757,088	-	-	-	71,757,088
Due from brokers	-	11,864,142	-	-	11,864,142
Accrued interest receivable	-	98,297	-	-	98,297
	640,547,088	11,962,439	-	-	652,509,527

MONEY MARKET FUND (NEITHER PAST DUE NOR IMPAIRED)	HIGH GRADE	SATISFACTORY GRADE	ACCEPTABLE GRADE	LOW GRADE	TOTAL
<b>2011</b>					
Financial assets at fair value through profit or loss	354,150,000	-	-	P-	354,150,000
Held-to-maturity investments	143,064,360	-	-	-	143,064,360
Cash in banks	24,544,137	-	-	-	24,544,137
Accrued interest receivable	-	3,504,769	-	-	3,504,769
	521,758,497	3,504,769	-	-	525,263,266
<b>2010</b>					
Financial assets at fair value through profit or loss	363,670,000	-	-	-	363,670,000
Cash in banks	21,163,808	-	-	-	21,163,808
Accrued interest receivable	-	31,390	-	-	31,390
	384,833,808	31,390	-	-	384,865,198

GS FUND (NEITHER PAST DUE NOR IMPAIRED)	HIGH GRADE	SATISFACTORY GRADE	ACCEPTABLE GRADE	LOW GRADE	TOTAL
<b>2011</b>					
Financial assets at fair value through profit or loss	656,732,037	-	-	-	656,732,037
Cash in banks	21,291,658	-	-	-	21,291,658
Accrued interest receivable	-	8,307,853	-	-	8,307,853
Other receivables	-	20,000	-	-	20,000
	678,023,695	8,307,853	-	-	686,331,548
<b>2010</b>					
Financial assets at fair value through profit or loss	862,267,393	-	-	-	862,267,393
Cash in banks	22,128,802	-	-	-	22,128,802
Accrued interest receivable	-	13,243,378	-	-	13,243,378
Other receivables	-	20,000	-	-	20,000
	884,396,195	13,243,378	-	-	897,639,573

DOLLAR ADVANTAGE FUND (NEITHER PAST DUE NOR IMPAIRED)	HIGH GRADE	SATISFACTORY GRADE	ACCEPTABLE GRADE	LOW GRADE	TOTAL
<b>2011</b>					
Financial assets at fair value through profit or loss	16,608,271	-	-	-	\$16,608,271
Cash in banks	277,150	-	-	-	\$277,150
Accrued interest receivable	-	219,149	-	-	\$219,149
	16,885,421	\$219,149	-	-	\$17,104,570
<b>2010</b>					
Financial assets at fair value through profit or loss	16,456,781.64	-	-	-	16,456,781.64
Cash in banks	1,396,554	-	-	-	1,396,554.00
Accrued interest receivable	-	319,358	-	-	319,358.00
	\$17,853,336	\$319,358	-	-	\$18,172,694

DOLLAR ABUNDANCED FUND (NEITHER PAST DUE NOR IMPAIRED)	HIGH GRADE	SATISFACTORY GRADE	ACCEPTABLE GRADE	LOW GRADE	TOTAL
<b>2011</b>					
Financial assets at fair value through profit or loss	12,981,127	-	-	-	\$12,981,127
Cash in banks	223,345	-	-	-	\$223,345
Accrued interest receivable	-	222,998	-	-	\$222,998
	13,204,472	\$222,998	-	-	\$13,427,470
<b>2010</b>					
Financial assets at fair value through profit or loss	\$11,118,760	-	-	-	\$11,118,760
Cash in banks	267,736	-	-	-	\$267,736
Accrued interest receivable	-	186,491	-	-	\$186,491
	\$11,386,496	\$186,491	-	-	\$11,572,987

The Companies use internal ratings to determine the credit quality of its financial assets. These have been mapped to the summary rating below:

*High Grade* - applies to highly rated financial obligors, strong corporate counterparties and personal borrowers with whom the Companies have excellent repayment experience.

*Satisfactory Grade* - applies to financial assets that are performing as expected, including loans and advances to small and medium sized entities and recently established businesses.

*Acceptable Grade* - applies to counterparties with risk profiles that are subject to closer monitoring and scrutiny with the objective of managing risk and moving accounts to improved rating category.

*Low Grade* - applies to risks that are neither past due nor expected to result in loss but where the Companies require a workout of the relationship unless an early reduction in risk is achievable.

*Liquidity risk*

Entities within the Sun Life Financial Group are required to have appropriate liquidity. This means having sufficient liquidity to be able to meet all obligations promptly under foreseeable adverse circumstances, while not having excessive liquidity.

The Companies manage liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Companies maintain adequate highly liquid assets in the form of cash in banks and investment in special savings deposits to assure necessary liquidity.

The following tables detail the Companies' remaining contractual maturity for its non-derivative financial liabilities. The table had been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Companies can be required to pay. The table includes both interest and principal cash flows.

BOND FUND	LESS THAN ONE MONTH	ONE MONTHS TO ONE YEAR	TOTAL
<b>2011</b>			
Payable to fund manager	8,127,803	-	8,127,803
Accrued Expense	-	239,767	239,767
	8,127,803	239,767	8,367,570
<b>2010</b>			
Payable to fund manager	5,405,101	-	5,405,101
Accrued Expense	-	325,648	325,648
	5,405,101	325,648	5,730,749

BALANCED FUND	LESS THAN ONE MONTH	ONE MONTHS TO ONE YEAR	TOTAL
<b>2011</b>			
Payable to fund manager	24,807,653	-	24,807,653
Due to brokers	28,662,797	-	28,662,797
Accrued Expense	-	335,666	335,666
	53,470,450	335,666	53,806,116
<b>2010</b>			
Payable to fund manager	19,261,427	-	19,261,427
Due to brokers	79,879,537	-	79,879,537
Accrued Expense	-	6,113,817	6,113,817
	99,140,964	6,113,817	105,254,781

PHILIPPINE EQUITY FUND	LESS THAN ONE MONTH	ONE MONTHS TO ONE YEAR	TOTAL
<b>2011</b>			
Payable to fund manager	10,016,976	-	10,016,976
Due to brokers	21,440,835	-	21,440,835
Accrued Expense	-	175,551	175,551
	31,457,811	175,551	31,633,362
<b>2010</b>			
Payable to fund manager	10,415,598	-	10,415,598
Due to brokers	55,842,343	-	55,842,343
Accrued Expense	-	44,558,796	44,558,796
	66,257,941	44,558,796	110,816,737

MONEY MARKET FUND	LESS THAN ONE MONTH	ONE MONTHS TO ONE YEAR	TOTAL
<b>2011</b>			
Payable to fund manager	786,988	-	786,988
Accrued Expense	-	58,048	58,048
	786,988	58,048	845,036
<b>2010</b>			
Payable to fund manager	390,531	-	390,531
Accrued Expense	-	5,143,849	5,143,849
	390,531	5,143,849	5,534,380

GS FUND	LESS THAN ONE MONTH	ONE MONTHS TO ONE YEAR	TOTAL
<b>2011</b>			
Payable to fund manager	1,294,281	-	1,294,281
Accrued Expense	-	57,186	57,186
	1,294,281	57,186	1,351,467
<b>2010</b>			
Payable to fund manager	1,484,668	-	1,484,668
Accrued Expense	-	83,273	83,273
	1,484,668	83,273	1,567,941

DOLLAR ADVANTAGE FUND	LESS THAN ONE MONTH	ONE MONTHS TO ONE YEAR	TOTAL
<b>2011</b>			
Payable to fund manager	34,156	-	34,156
Accrued Expense	-	1,972	1,972
	34,156	1,972	36,128
<b>2010</b>			
Payable to fund manager	33,713	-	33,713
Accrued Expense	-	56,086	56,086
	33,713	56,086	89,799

DOLLAR ABUNDANCED FUND	LESS THAN ONE MONTH	ONE MONTHS TO ONE YEAR	TOTAL
<b>2011</b>			
Payable to fund manager	8,756	-	8,756
Accrued Expense	-	1,406	1,406
	8,756	1,406	10,162
<b>2010</b>			
Payable to fund manager	16,482	-	16,482
Accrued Expense	-	78,258	78,258
	16,482	78,258	94,740

The following tables detail the Companies' expected maturity for its financial assets. The table had been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets, except when the Companies anticipate that the cash flows will occur in a different period.

BOND FUND	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	LESS THAN ONE YEAR	ONE YEAR TO FIVE YEARS	FIVE YEARS TO TEN YEARS	MORE THAN TEN YEARS	TOTAL
<b>2011</b>						
Fixed assets at fair value through profit or loss		685,222,748	1,966,790,787	1,038,232,284	2,263,047,833	5,953,293,652
Cash in bank	6.22%	41,144,224	-	-	-	41,144,224
Loans receivable		46,921,250	187,685,000	901,201,214	-	1,135,807,464
Accrued interest receivable		60,836,267	-	-	-	60,836,267
		834,124,489	2,154,475,787	1,939,433,498	2,263,047,833	7,191,081,607
<b>2010</b>						
Fixed assets at fair value through profit or loss		613,080,307	1,281,333,635	594,559,134	181,468,848	2,670,441,924
Cash in bank	7.51%	300,153,540	-	-	-	300,153,540
Loans receivable		-	450,567,123	-	-	450,567,123
Accrued interest receivable		51,133,379	-	-	-	51,133,379
		964,367,226	1,731,900,758	594,559,134	181,468,848	3,472,295,966

BALANCED FUND	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	LESS THAN ONE YEAR	ONE YEAR TO FIVE YEARS	FIVE YEARS TO TEN YEARS	MORE THAN TEN YEARS	TOTAL
<b>2011</b>						
Fixed assets at fair value through profit or loss	6.25%	1,089,756,819	725,072,686	782,871,956	3,011,219,728	5,608,921,189
Cash in bank		53,762,111	-	-	-	53,762,111
Loans receivable		4,799,000	61,820,003	-	-	66,619,003
Due from brokers		7,831,430	-	-	-	7,831,430
Accrued interest receivable		38,496,284	-	-	-	38,496,284
		1,194,645,644	786,892,689	782,871,956	3,011,219,728	5,775,630,017
<b>2010</b>						
Fixed assets at fair value through profit or loss	5.71%	1,707,826,730	177,350,411	14,950,000	29,422,356	1,929,549,497
Cash in bank		60,044,728	-	-	-	60,044,728
Loans receivable		4,799,000	66,619,003	-	-	71,418,003
Accrued interest receivable		22,314,218	-	-	-	22,314,218
	1,794,984,676	243,969,414	14,950,000	29,422,356	2,083,326,446	

PHILIPPINE EQUITY FUND	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	LESS THAN ONE YEAR	ONE YEAR TO FIVE YEARS	FIVE YEARS TO TEN YEARS	MORE THAN TEN YEARS	TOTAL
<b>2011</b>						
Fixed assets at fair value through profit or loss	2.03%	710,580,000	-	-	-	710,580,000
Cash in bank		42,100,386	-	-	-	42,100,386
Due from brokers		9,464,634	-	-	-	9,464,634
Accrued interest receivable		123,026	-	-	-	123,026
	762,268,046	-	-	-	762,268,046	

PHILIPPINE EQUITY FUND	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	LESS THAN ONE YEAR	ONE YEAR TO FIVE YEARS	FIVE YEARS TO TEN YEARS	MORE THAN TEN YEARS	TOTAL
<b>2010</b>						
Fixed assets at fair value through profit or loss	1.49%	568,790,000	-	-	-	568,790,000
Cash in bank		71,757,088	-	-	-	71,757,088
Due from brokers		11,864,142	-	-	-	11,864,142
Accrued interest receivable		98,297	-	-	-	98,297
		652,509,527	-	-	-	652,509,527

MONEY MARKET FUND	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	LESS THAN ONE YEAR	ONE YEAR TO FIVE YEARS	FIVE YEARS TO TEN YEARS	MORE THAN TEN YEARS	TOTAL
<b>2011</b>						
Fixed assets at fair value through profit or loss	2.03%	354,150,000	-	-	-	354,150,000
Cash in bank		24,544,137	-	-	-	24,544,137
Held-to-maturity investment		143,064,360	-	-	-	143,064,360
Accrued interest receivable		3,504,769	-	-	-	3,504,769
	525,263,266	-	-	-	525,263,266	
<b>2010</b>						
Fixed assets at fair value through profit or loss	1.48%	363,670,000	-	-	-	363,670,000
Cash in bank		21,163,808	-	-	-	21,163,808
Accrued interest receivable		31,390	-	-	-	31,390
	384,865,198	-	-	-	384,865,198	



GS FUND	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	LESS THAN ONE YEAR	ONE YEAR TO FIVE YEARS	FIVE YEARS TO TEN YEARS	MORE THAN TEN YEARS	TOTAL
<b>2011</b>						
Fixed assets at fair value through profit or loss	8.81%	108,219,693	325,982,466	204,003,473	324,733,045	962,938,677
Cash in bank		21,291,658	-	-	-	21,291,658
Accrued interest receivable		8,307,853	-	-	-	8,307,853
Other receivable		20,000	-	-	-	20,000
		137,839,204	325,982,466	204,003,473	324,733,045	992,558,188
<b>2010</b>						
Fixed assets at fair value through profit or loss	6.14%	120,505,320	252,648,646	637,666,816	45,187,637	1,056,008,419
Cash in bank		22,128,802	-	-	-	22,128,802
Accrued interest receivable		13,243,378	-	-	-	13,243,378
Other receivable		20,000	-	-	-	20,000
		155,897,500	252,648,646	637,666,816	45,187,637	1,091,400,599

DOLLAR ADVANTAGE FUND	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	LESS THAN ONE YEAR	ONE YEAR TO FIVE YEARS	FIVE YEARS TO TEN YEARS	MORE THAN TEN YEARS	TOTAL
<b>2011</b>						
Fixed assets at fair value through profit or loss	4.20%	\$8,218,625	\$3,638,140	\$3,870,001	\$4,819,482	20,546,248
Cash in bank		\$277,150	-	-	-	277,150
Accrued interest receivable		\$219,149	-	-	-	219,149
			\$8,714,924	\$3,638,140	\$3,870,001	\$4,819,482

DOLLAR ADVANTAGE FUND	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	LESS THAN ONE YEAR	ONE YEAR TO FIVE YEARS	FIVE YEARS TO TEN YEARS	MORE THAN TEN YEARS	TOTAL
<b>2010</b>						
Fixed assets at fair value through profit or loss	6.16%	\$3,849,233	\$5,017,072	\$6,134,966	\$10,763,362	25,764,633
Cash in bank		\$1,396,554	-	-	-	1,396,554
Accrued interest receivable		\$319,358	-	-	-	319,358
			5,565,145	5,017,072	6,134,966	10,763,362

DOLLAR ABUNDANCE FUND	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	LESS THAN ONE YEAR	ONE YEAR TO FIVE YEARS	FIVE YEARS TO TEN YEARS	MORE THAN TEN YEARS	TOTAL
<b>2011</b>						
Fixed assets at fair value through profit or loss	6.4%	\$2,003,525	\$2,852,923	\$6,600,270	\$8,580,192	20,036,910
Cash in bank		\$223,345	-	-	-	223,345
Accrued interest receivable		\$222,998	-	-	-	222,998
			\$2,449,868	\$2,852,923	\$6,600,270	\$8,580,192
<b>2010</b>						
Fixed assets at fair value through profit or loss	5.96%	\$2,336,000	\$250,223	\$6,139,338	\$7,679,987	16,405,548
Cash in bank		\$267,736	-	-	-	267,736
Accrued interest receivable		\$186,491	-	-	-	186,491
			2,790,227	250,223	6,139,338	7,679,987

The Companies expect to meet its obligations from operating cash flows and proceeds of maturing financial assets.

**7. CAPITAL RISK MANAGEMENT**

The Companies manage its capital to ensure that the Companies will be able to continue as a going concern while maximizing returns to stakeholders through the optimization of the mix of high-quality debt and equity securities from domestic issuers.

The Companies are guided by its Investment Policies and Legal Limitations. All the proceeds from the sale of shares, including the original subscription payments at the time of incorporation constituting the paid-in capital, is held by the pertinent custodian banks.

The capital structure of the Companies consist of issued capital as disclosed in Note 15.

The Companies manage capital and Net Assets Value per Share (NAVPS), as disclosed in Notes 15, 16 and 17 to ensure that the Companies' net assets value remains competitive and appealing to prospective investors.

The Companies are governed by the following fundamental investment policies:

- a. It does not issue senior securities.
- b. It does not intend to incur any debt or borrowing. In the event that borrowing is necessary, it can do so only if, at the time of its incurrence or immediately thereafter, there is asset coverage of at least 300% for all its borro-wings.
- c. It does not participate in any underwriting or selling group in connection with the public distribution of securities, except for its own share capital.
- d. It generally maintains a diversified portfolio. Industry concentrations may vary at any time depending on the investment manager's view on the prospects.
- e. It does not invest directly in real estate properties and developments.
- f. It does not purchase or sell commodity futures contracts.
- g. It does not engage in lending operations to related parties such as the members of the Board of Directors, officers of the Companies and any affiliates, or affiliated corporations of the Companies.
- h. The asset mix in each type of security is determined from time to time, as warranted by economic and invest-ment conditions.
- i. It does not change its investment objectives without the prior approval of a majority of its shareholders.

As at December 31, 2011 and 2010, the Companies are in compliance with the minimum equity requirement of the SEC of P50 million.

The equity ratio at the year-end is as follows:

	BOND		BALANCED		PHILIPPINE EQUITY		MONEY MARKET	
	2011	2010	2011	2010	2011	2010	2011	2010
	PHP	PHP	PHP	PHP	PHP	PHP	PHP	PHP
Equity	4,765,527,317	3,290,752,365	8,670,329,207	8,528,831,793	5,044,964,180	4,865,527,241	523,674,936	378,568,396
Total Assets	4,775,062,213	3,297,455,837	8,725,564,884	8,654,434,921	5,077,497,320	4,988,157,588	525,263,964	384,865,620
Equity Ratio	0.99:1	0.99:1	0.99:1	0.98:1	0.99:1	0.98:1	0.99:1	0.98:1

	GS		DOLLAR ADVANTAGE		DOLLAR ABUNDANCE	
	2011	2010	2011	2010	2011	2010
	PHP	PHP	USD	USD	USD	USD
Equity	684,793,874	895,908,220	26,964,148	20,724,766	13,388,244	11,454,808
Total Assets	686,351,548	897,659,573	27,065,270	20,900,834	13,427,470	11,572,987
Equity Ratio	0.99:1	0.99:1	0.99:1	0.99:1	0.99:1	0.98:1

Management believes that the above ratios are within the acceptable range.

The Companies' strategy has remained unchanged since 2010.

### 8. CASH IN BANKS

Cash earned an average interest of 0.50% during 2010 and 2009, for peso mutual fund companies and 0.25% and 0.30% in 2010 and 2009 respectively for dollar mutual fund companies as disclosed in Note 18.

### 9. ACCRUED INTEREST RECEIVABLE

	BOND		BALANCED		PHILIPPINE EQUITY	
	2011	2010	2011	2010	2011	2010
	PHP	PHP	PHP	PHP	PHP	PHP
Treasury notes	P53,135,024	P43,945,760	P38,089,454	P11,174,415	-	-
Corporate loans	7,646,496	7,161,348	-	10,731,930	-	-
Special savings	54,747	26,271	197,805	211,912	123,026	98,297
Corporate loans	-	-	209,025	195,961	-	-
	P60,836,267	P51,133,379	P38,496,284	P22,314,218	P123,026	P98,297

	MONEY MARKET		GS FUND	
	2011	2010	2011	2010
	PHP	PHP	PHP	PHP
Treasury notes	-	-	P8,299,700	P13,239,063
Special savings	3,504,769	31,390	8,153	4,315
	P3,504,769	P31,390	P8,307,853	P13,243,378

	DOLLAR ADVANTAGE		DOLLAR ABUNDANCE	
	2011	2010	2011	2010
	USD	USD	USD	USD
Dollar-denominated bonds	\$218,718	\$319,354	\$222,983	\$186,479
Special savings	431	4	15	12
	\$219,149	\$319,358	\$222,998	\$186,491

### 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Components of fair value through profit or loss are shown below:

	BOND		BALANCED		PHILIPPINE EQUITY		MONEY MARKET	
	2011	2010	2011	2010	2011	2010	2011	2010
	PHP	PHP	PHP	PHP	PHP	PHP	PHP	PHP
Investment in equity shares	-	-	P5,309,451,624	P6,640,461,346	P4,310,884,907	P4,334,798,503	-	-
Investment in fixed-income securities	3,599,382,165	2,263,533,442	2,327,288,248	850,949,234	-	-	-	-
Special savings	392,150,000	291,470,000	933,430,000	1,028,470,000	710,580,000	568,790,000	7,168,306	8,666,164
	3,991,532,165	2,555,003,442	8,570,169,872	8,519,880,580	5,021,464,907	4,903,588,503	P7,168,306	P8,666,164

	GS FUND		DOLLAR ADVANTAGE		DOLLAR ABUNDANCE	
	2011	2010	2011	2010	2011	2010
	PHP	PHP	USD	USD	USD	USD
Investment in equity shares	-	-	\$9,960,700	\$2,728,140	-	-
Investment in fixed-income securities	P609,752,037	P801,407,393	8,985,671	13,512,682	11,653,027	8,782,760
Special savings	46,980,000	60,860,000	7,622,600	2,944,100	1,328,100	2,336,000
	P656,732,037	P862,267,393	\$26,568,971	\$19,184,922	\$12,981,127	\$11,118,760

The movements are summarized as follows:

	BOND		BALANCED		PHILIPPINE EQUITY	
	2011	2010	2011	2010	2011	2010
	PHP	PHP	PHP	PHP	PHP	PHP
Balance, beginning	P2,555,003,442	P2,159,819,183	P8,519,880,580	P7,532,812,864	P4,903,588,503	P3,034,154,359
Net purchases	1,168,209,627	358,045,118	737,397,957	(253,477,709)	599,344,873	1,151,120,194
Amortization of discounts (premium)	37,399,753	(35,979,049)	(5,765,941)	(13,714,013)	-	(52,590)
Unrealized fair value gain (loss)	230,919,343	73,118,190	(681,342,724)	1,254,259,438	(481,468,071)	718,366,540
	P3,991,532,165	P2,555,003,442	P8,570,169,872	P8,519,880,580	P5,021,465,305	P4,903,588,503

	GS FUND		DOLLAR ADVANTAGE		DOLLAR ABUNDANCED	
	2011	2010	2011	2010	2011	2010
	PHP	PHP	USD	USD	USD	USD
Balance, beginning	P862,267,393	P180,303,633	\$19,184,922	\$18,471,544	\$11,118,760	\$5,380,956
Net purchases	(208,599,784)	655,974,758	8,073,658	547,257	1,404,368	5,589,277
Amortization of discounts (premium)	(10,648,751)	(4,835,764)	(98,656)	(121,130)	(64,421)	(61,457)
Unrealized fair value gain (loss)	13,713,179	30,824,766	(590,953)	287,251	522,420	209,984
	P656,732,037	P862,267,393	\$26,568,971	\$19,184,922	\$12,981,127	\$11,118,760

Net fair value gain (loss) recognized in the statements of comprehensive income under the "Net Unrealized Gain (Loss) on Investments" account amounted to as follows:

	2011	2010
Bond Fund	P230,919,343	P73,118,190
Balanced Fund	(681,342,724)	1,254,259,438
Philippine Equity Fund	(481,468,071)	718,366,540
Money Market Fund	-	-
GS Fund	13,713,179	30,824,766
Dollar Advantage Fund	(\$590,953)	\$287,251
Dollar Abundance Fund	\$522,420	\$209,984

The following presents the breakdown of financial assets at fair value through profit or loss by contractual maturity dates:

	BOND		BALANCED		PHILIPPINE EQUITY	
	2011	2010	2011	2010	2011	2010
	PHP	PHP	PHP	PHP	PHP	PHP
Due in one year or less	P423,227,270	P495,509,440	P933,430,000	P1,676,293,604	P710,580,000	P568,790,000
Due after one year through five years	1,112,903,770	883,317,582	161,789,250	165,795,000	-	-
Due after five years through ten years	476,460,968	972,980,711	82,920,743	1,461,210	-	-
Due after ten years	1,978,940,157	203,195,709	2,082,578,255	35,869,420	-	-
	P3,991,532,165	P2,555,003,442	P3,260,718,248	P1,879,419,234	P710,580,000	P568,790,000

	GS FUND		DOLLAR ADVANTAGE		DOLLAR ABUNDANCED	
	2011	2010	2011	2010	2011	2010
	PHP	PHP	USD	USD	USD	USD
Due in one year or less	P65,973,851	P60,860,000	\$7,622,600	\$15,743,403	\$1,328,100	\$2,336,000
Due after one year through five years	191,788,925	474,856,273	1,897,429	547,257	224,880	233,750
Due after five years through ten years	129,336,261	273,352,620	2,862,975	(121,130)	4,630,605	4,497,291
Due after ten years	269,633,000	53,198,500	4,225,268	287,251	6,797,542	4,051,719
	P656,732,037	P862,267,393	\$16,608,271	\$16,456,781	\$12,981,127	\$11,118,760

Investments in listed equity securities of Balanced, Philippine Equity and Dollar Advantage Funds consist of:

BALANCED	2011		2010	
	Number of Shares Held	Market Value	Number of Shares Held	Market Value
		PHP		PHP
Phil Long Distance Telephone Co.	184,149	468,106,758	173,034	441,928,836
SM Investments Corp.	581,138	338,512,885	580,078	314,982,354
Ayala Land Inc	21,690,720	328,831,315	27,606,320	454,400,027
Banco de Oro Universal Bank	5,443,728	321,179,952	4,478,928	262,017,288
Aboitiz Power Corporation	9,864,950	294,962,005	20,400,750	634,463,325
Alliance Global Group Inc	26,969,700	278,866,698	14,336,000	179,200,000
Metropolitan Bank & Trust Company	3,734,803	253,779,864	4,665,860	335,941,920
Semirara Mining Corp	1,139,560	252,298,584	223,940	41,428,900
PNOC Energy Development Corp.	36,556,725	229,941,800	35,947,025	211,009,037
Aboitiz Equity Ventures, Inc	5,693,700	228,602,055	5,119,600	189,937,160
Ayala Corporation	700,774	217,940,714	764,966	301,396,604
DMCI Holdings Inc	5,129,800	211,860,740	14,650,400	527,414,400
Intl Container Terminal Services	3,710,230	196,642,190	8,077,850	363,503,250
San Miguel Corporation	1,443,780	168,633,504	-	-
Bank of the Phil Islands	3,054,832	168,626,726	2,958,292	174,539,228
Philex Mining Corporation	7,207,000	150,265,950	-	-
Nickel Asia Corporation	5,703,020	116,911,910	5,573,120	90,841,856
Philippine National Bank	1,976,350	111,466,140	1,183,000	75,120,500
SM Prime Holdings Inc	7,615,522	101,286,443	19,128,972	217,687,701
JG Summit Holdings Inc	3,935,850	98,986,628	8,657,000	169,677,200

Megaworld Properties & Holdings	57,970,800	98,550,360	64,405,400	159,725,392
Lepanto Consolidated Mining Company "A"	55,671,000	86,290,050	-	-
Southeast Asia Cement Holdings Inc	52,901,000	84,641,600	-	-
SM Development Corporation	11,724,774	79,728,463	20,511,000	184,599,000
Universal Robina Corporation	1,614,000	77,472,000	2,246,000	78,497,700
Metro Pacific Investments Corporation	20,790,000	76,091,400	23,607,000	91,831,230
First General Corporation	4,353,032	63,641,328	3,174,532	38,665,800
Robinsons Land Inc	4,741,981	53,584,385	1,697,850	27,674,955
Security Bank Corp., Inc.	491,131	47,860,716	2,483,389	212,950,607
Globe Telecom, Inc.	41,355	46,855,215	70,275	56,220,000
Cebu Air Inc	373,470	24,200,856	-	-
Manila Electric Company "B"	89,000	22,000,800	-	-
Filinvest Land, Inc.	10,941,000	10,831,590	14,409,250	18,876,117
Belle Corporation	-	-	7,010,000	32,246,000
Cebu Holdings Inc	-	-	37,402,000	100,985,400
Digital Telecommunications Phils	-	-	59,741,000	88,416,680
Filinvest Development Corporation	-	-	5,311,500	26,823,075
First Phil Holdings Corp	-	-	4,925,390	308,329,414
Jollibee Foods Corp.	-	-	828,370	73,642,093
Lopez Holdings Corporation	-	-	27,476,500	145,900,215
Manila Water Company, Inc.	-	-	499,900	9,588,082
	374,038,874	5,309,451,624	450,324,491	6,640,461,346

Balanced Fund recognized dividend income amounting to P192,157,812, P186,975,531 and to P143,833,648 in 2011, 2010 and 2009, respectively, from investment in listed equity securities.

PHILIPPINE EQUITY	2011		2010	
	Number of Shares Held	Market Value	Number of Shares Held	Market Value
		PHP		PHP
Phil Long Distance Telephone Co.	141,211	358,958,362	77,896	198,946,384
Ayala Land Inc	19,618,760	297,420,402	16,965,160	279,246,534
SM Investments Corp.	499,736	291,096,220	430,386	233,699,598
Banco de Oro Universal Bank	4,054,778	239,231,902	3,272,848	191,461,608
Aboitiz Power Corporation	7,509,850	224,544,515	13,386,950	416,334,145
Alliance Global Group Inc	20,970,500	216,834,970	8,587,000	107,337,500
PNOC Energy Development Corp.	33,894,575	213,196,877	28,127,975	165,111,213
Metropolitan Bank & Trust Company	3,092,461	210,132,725	3,216,230	231,568,560

Aboitiz Equity Ventures Inc	4,699,600	188,688,940	3,544,000	131,482,400
Bank of the Phil. Islands	3,324,350	183,504,120	1,869,990	110,329,410
Semirara Mining Corp	795,510	176,125,914	202,000	37,370,000
Ayala Corporation	545,327	169,596,697	514,890	202,866,660
DMCI Holdings Inc	3,958,420	163,482,746	9,516,220	342,583,920
Philex Mining Corporation	7,465,000	155,645,250	-	-
Intl Container Terminal Services Inc.	2,922,510	154,893,030	6,147,550	276,639,750
San Miguel Corporation	1,030,000	120,304,000	-	-
JG Summit Holdings Inc	3,698,900	93,027,335	5,698,400	111,688,640
Nickel Asia Corporation	4,523,600	92,733,800	10,000,000	163,000,000
Megaworld Properties & Holdings	50,993,200	86,688,440	40,025,600	99,263,488
SM Prime Holdings Inc	6,253,625	83,173,213	11,455,525	130,363,875
Philippine National Bank	1,285,910	72,525,324	801,400	50,888,900
Lepanto Consolidated Mining Company "A"	44,200,000	68,510,000	-	-
Universal Robina Corporation	1,425,000	68,400,000	1,548,800	54,130,560
SM Development Corporation	9,612,515	65,365,102	11,599,466	104,395,194
Metro Pacific Investments Corporation	16,280,000	59,584,800	15,357,000	59,738,730
Southeast Asia Cement Holdings Inc	34,522,000	55,235,200	-	-
First General Corporation	3,335,792	48,769,279	2,330,292	28,382,956
Manila Electric Company	194,280	48,026,016	-	-
Globe Telecom Inc.	33,367	37,804,811	40,867	32,693,600
Robinsons Land Inc	3,028,280	34,219,564	1,195,700	19,489,910
Cebu Air Inc	316,500	20,509,200	-	-
Filinvest Land Inc.	5,614,000	5,557,860	12,335,000	16,158,850
Rizal Commercial Banking	135,100	4,066,510	-	-
Security Bank Corp. Inc.	16,512	1,609,094	1,406,659	120,621,009
HOLCIN Philippines Inc.	151,350	1,422,690	-	-
First Phil. Holdings Corp.	-	-	2,489,750	155,858,350
Lopez Holdings Corporation	-	-	15,423,000	81,896,130
Jollibee Foods Corp.	-	-	583,260	51,851,814
Digital Telecommunications Phils.	-	-	29,824,000	44,139,520
Cebu Holdings Inc.	-	-	12,171,000	32,861,700
Manila Water Company, Inc.	-	-	1,007,000	19,314,260
Belle Corporation	-	-	3,990,000	18,354,000
Filinvest Development Corporation	-	-	2,916,700	14,729,335
	300,142,519	4,310,884,907	278,058,514	4,334,798,503

Philippine Equity Fund recognized dividend income amounting to P121,689,213, P89,604,842 and P 66,241,999 in 2011, 2010 and 2009, respectively, from investment in listed equity securities.

DOLLAR ADVANTAGE	2011		2010	
	Number of Shares Held	Market Value	Number of Shares Held	Market Value
		USD		USD
Franklin Mutual Global Discovery Fund "A"	151,704	1,868,994	79,679	1,066,902
MFS Meridian Global Equity Fund	73,407	1,868,201	37,622	1,038,739
BGF Global Dynamic Equity USD A2	158,443	1,807,835	50,000	622,500
TEMPLETON GLOBAL BOND A	79,390	1,939,497	-	-
PIMCO GIS Total Return Bond Fund	108,225	2,476,171	-	-
	571,169	9,960,700	167,301	2,728,141

### 11. HELD-TO-MATURITY INVESTMENTS

MONEY MARKET	2011	2010
Balance, beginning	-	-
Net purchases	147,463,713	-
Amortization of discounts (premium)	(4,399,353)	-
	P143,064,360	-

The account is composed of treasury notes maturing in three months or less.

Held-to-maturity investments earned interest income amounting to P 3,581,920 at an effective interest rate of 7.62% in 2011, as disclosed in Note 17. No impairment loss was recognized on the Companies' held-to-maturity investments during the year.

### 12. DUE FROM BROKER

Due from broker account refers to amounts receivable from the broker arising from the sale of investments processed on or before reporting period, which are settled three (3) days after the transaction date. Due to broker account pertains to amounts payable to the broker for the purchase of investments, which are settled three (3) days after the transaction date.

### 13. OTHER CURRENT ASSETS

Other current assets are comprised of creditable withholding taxes and other prepaid taxes on fixed income investments.

### 14. LOANS AND RECEIVABLES

#### Bond Fund

Loan receivable pertains to amortized costs of corporate loans which bear an average annual interest of 7.07% and 7.29% in 2011 and 2010, with maturities ranging from one year through five years and less than one year, respectively. Related gain from the borrower's pre-termination of loans amounted to P 4,950,000 and P9,650,000 in 2010 and 2009, respectively, as disclosed in Note 22.

### Balanced Fund

Loan receivable pertains to amortized costs of unsecured corporate loan which bear an average annual interest of 9.60% and 9.91% in 2011 and 2010, respectively, with maturity ranging from one through five years. The related gain from the borrower's pre-termination of loan amounted to P750,000 in 2010 as disclosed in Note 22.

The movements in loans and receivables are summarized as follows:

	BOND		BALANCED	
	2011	2010	2011	2010
	PHP	PHP	PHP	PHP
Balance, Beginning	P390,317,914	P555,769,642	P50,000,000	P75,000,000
Pretermination	680,000,000	-	-	-
Maturities	-	(165,000,000)	-	(25,000,000)
Maturities	(390,000,000)	-	-	-
Amortization of principal - net	(317,914)	(451,728)	-	-
	P680,000,000	P390,317,914	P50,000,000	P50,000,000

### 15. ACCRUED EXPENSES

	BOND		BALANCED		PHILIPPINE EQUITY	
	2011	2010	2011	2010	2011	2010
	PHP	PHP	PHP	PHP	PHP	PHP
Documentary stamp tax	P615,049	P297,558	P9,342	P176,830	P36,528	P354,752
Withholding taxes	437,495	416,620	1,420,219	1,350,238	861,329	690,780
Professional fees	180,757	223,191	125,253	154,658	74,427	92,365
Custodianship fees	56,994	85,904	137,185	576,296	101,124	388,582
Due to broker	-	-	28,662,797	79,879,537	-	-
Due to investors	2,016	16,553	73,228	5,382,863	-	44,077,849
Others	114,782	258,545	-	18,777,561	-	10,732,850
	P1,407,093	P1,298,371	P30,428,024	P106,297,983	P1,073,408	P56,337,178

	MONEY MARKET		GS FUND	
	2011	2010	2011	2010
	PHP	PHP	PHP	PHP
Documentary stamp tax	P18,306	P13,448	P39,474	P25,861
Withholding taxes	43,124	29,682	76,494	87,466
Professional fees	56,682	69,989	52,880	65,293
Custodianship fees	1,366	-	4,306	17,980
Due to investors	-	5,073,859	-	-
Others	682,286	719,520	90,239	70,085
	P801,764	P5,906,498	P263,393	P266,685

	DOLLAR ADVANTAGE		DOLLAR ABUNDANCE	
	2011	2010	2011	2010
	USD	USD	USD	USD
Documentary stamp tax	\$491	\$199	\$643	\$309
Withholding taxes	3,244	3,045	3,924	3,844
Professional fees	1,749	5,508	1,247	2,251
Custodianship fees	106	7,378	159	506
Due to investors	117	43,200	-	75,501
Others	55,306	55,842	-	278
	\$61,013	\$115,172	\$5,973	\$82,689

Due to investors account pertains to amount payable to investors for redemption of investments processed on or before the reporting period, which are usually paid two days after the transaction date.

Due to brokers account pertains to purchase of investments processed on or before reporting period, which are settled three days after the transaction date.

Others comprise of expenses related to the increase in authorized capital stock and printing and supplies accruals.

### 16. RELATED PARTY TRANSACTIONS

Transactions with related parties include the following:

#### a. Investment Management

Management fees charged by SLAMCI to the Companies in 2011, 2010 and 2009 are included in the statements of profit or loss under "Investment management fees" account shown in the table below. The table likewise shows the accrued management fees as of December 31, 2011 and 2010 as shown under "Payable to fund manager" account in the statements of financial position, and the carrying amount approximates fair value which are usually paid to SLAMCI on or before 15th day of the following month.

	MANAGEMENT FEE EXPENSES		ACCRUED MANAGEMENT FEE	
	2011	2010	2011	2010
Bond Fund	P69,924,224	P52,782,376	P8,127,803	P5,405,101
Balanced Fund	207,021,930	185,318,728	24,807,653	19,261,427
Philippine Equity Fund	123,003,411	86,649,990	10,016,976	10,415,598
Money Market Fund	5,452,893	3,711,649	786,988	390,532
GS Fund	13,214,892	6,475,578	1,294,281	1,484,668
Dollar Advantage Fund	\$466,915	\$347,561	\$34,156	\$33,713
Dollar Abundance Fund	\$227,946	\$132,868	\$8,756	\$16,482

**b. Remuneration of Directors**

These are presented in the statements of comprehensive income under "Directors' fees" account which are usually paid to Directors based on the meetings held and attended.

	DIRECTORS' FEE	
	2011	2010
Bond Fund	P224,000	P140,000
Balanced Fund	367,500	240,000
Philippine Equity Fund	387,500	240,000
Money Market Fund	154,000	140,000
GS Fund	244,000	160,000
Dollar Advantage Fund	\$5,754	\$3,650
Dollar Abundance Fund	\$5,712	\$3,650

**c. Shares of Stock**

	NUMBER OF SHARES	% OF NET ASSETS	
		2011	2010
Bond Fund	49,999,496	2.53%	3.37%
Balanced Fund	53,059,866	1.67%	1.64%
Philippine Equity Fund	53,059,866	2.83%	2.85%
Money Market Fund	52,699,260	11.34%	15.63%
GS Fund	54,121,600	11.07%	7.97%
Dollar Advantage Fund	519,573	5.11%	6.74%
Dollar Abundance Fund	530,596	10.6%	11.71%

**d. Remuneration of Key Management Personnel**

The Companies have no management personnel and employees. Pursuant to the Companies' Management Agreement with its Fund Manager, SLAMCI, the latter provides all staff of the Companies, including executive officers and other trained personnel.

**17. SHARE CAPITAL**

BOND	2011		2010		2009	
	PHP	SHARES	PHP	SHARES	PHP	SHARES
Authorized:						
3,800,000,000 common shares at Php 1.00 par value	3,800,000,000	3,800,000,000	3,800,000,000	3,800,000,000	3,800,000,000	3,800,000,000
Issued and fully paid:						
At January 1,	3,730,399,542	3,730,399,542	3,730,399,542	3,730,399,542	3,700,136,121	3,700,136,121
Issuances during the year	-	-	-	-	-	-
Redemptions during the year	-	-	-	-	30,263,421	30,263,421
At December 31	3,730,399,542	3,730,399,542	3,730,399,542	3,730,399,542	3,730,399,542	3,730,399,542
Treasury Shares						
At January 1,	4,378,307,315	2,246,966,595	4,528,986,113	2,379,267,498	4,557,581,151	2,417,873,028
Acquired in the period	943,385,527	456,973,799	750,147,040	351,462,003	712,621,360	362,930,498
Reissuance	(1,703,755,702)	(952,495,165)	(900,825,838)	(483,762,906)	(741,216,398)	(401,536,028)
At December 31	3,617,937,140	1,751,445,229	4,378,307,315	2,246,966,595	4,528,986,113	2,379,267,498

BALANCED	2011		2010		2009	
	PHP	SHARES	PHP	SHARES	PHP	SHARES
Authorized:						
4,000,000,000 ordinary shares at P0.01 par value	P40,000,000	4,000,000,000	P40,000,000	4,000,000,000	P40,000,000	4,000,000,000
Issued and fully paid:						
At January 1,	33,119,653	3,311,965,293	2,000,000	200,000,000	2,000,000	200,000,000
Issuances during the year	-	-	43,278,649	4,327,864,910	-	-
Redemptions during the year	-	-	(12,158,996)	(1,215,899,617)	-	-
At December 31	33,119,653	3,311,965,293	33,119,653	3,311,965,293	2,000,000	200,000,000
Treasury Shares						
At January 1,	181,860,465	69,666,002	2,751	1,367	7,036	4,256
Acquired in the period	2,820,816,804	1,099,860,810	2,974,863,631	1,285,564,252	1,227,037,210	681,074,828
Reissuance	(2,662,119,216)	(1,042,495,296)	(2,793,005,917)	(1,215,899,617)	(1,227,041,495)	(681,077,717)
At December 31	340,558,053	127,031,516	181,857,714	69,666,002	2,751	1,367
Deposit for future Stock Subscription						
At January 1,	-	-	6,976,705,988	3,592,057,696	7,402,944,367	3,777,166,535
Issuances (redemptions)	-	-	(6,976,705,988)	(3,592,057,696)	(426,238,379)	(185,108,839)
At December 31	-	-	-	-	6,976,705,988	3,592,057,696

PHILIPPINE EQUITY	2011		2010		2009	
	PHP	SHARES	PHP	SHARES	PHP	SHARES
Authorized:						
1,200,000,000 ordinary shares at P0.01 par value	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Issued and fully paid:						
At January 1,	12,000,000	1,200,000,000	2,000,000	200,000,000	2,000,000	2,000,000
Issuances during the year	-	-	24,490,427	2,449,042,692	-	-
Redemptions during the year	-	-	(14,490,427)	(1,449,042,692)	-	-
At December 31	33,119,653	3,311,965,293	33,119,653	3,311,965,293	2,000,000	2,000,000
Treasury Shares						
At January 1,	328,289	125,709	516	279	30,047	23,314
Acquired in the period	4,304,016,490	1,731,140,195	2,957,668,419	1,449,168,122	985,716,028	603,817,929
Reissuance	(4,301,801,547)	(1,730,317,113)	(2,957,340,646)	(1,449,042,692)	(985,745,559)	(603,840,964)
At December 31	2,543,232	948,791	328,289	125,709	516	279
Deposit for future Stock Subscription						
At January 1,	1,720,141,405	663,183,007	2,560,902,206	1,449,012,530	2,377,616,531	1,320,420,367
Issuances (redemptions)	(223,861,175)	15,812,539	(840,760,801)	(785,829,523)	183,285,675	128,592,163
At December 31	1,496,280,230	678,995,546	1,720,141,405	663,183,007	2,560,902,206	1,449,012,530

MONEY MARKET	2011		2010		2009	
	PHP	SHARES	PHP	SHARES	PHP	SHARES
Authorized:						
At P0.01 par value	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Issued and fully paid:						
At January 1,	1,000,000	100,000,000	1,000,000	100,000,000	1,000,000	100,000,000
Issuances during the year	-	-	-	-	-	-
Redemptions during the year	-	-	-	-	-	-
At December 31	1,000,000	100,000,000	1,000,000	100,000,000	1,000,000	100,000,000
Treasury Shares						
At January 1,	2,328	2,073	303	271	449	408
Acquired in the period	1,742,415,898	1,569,009,292	1,070,933,035	956,477,705	667,649,137	619,915,197
Reissuance	(1,742,410,104)	(1,569,004,158)	(1,070,931,010)	(956,475,903)	(667,649,283)	(619,915,334)
At December 31	8,122	7,207	2,328	2,073	303	271

MONEY MARKET	2011		2010		2009	
	PHP	SHARES	PHP	SHARES	PHP	SHARES
Deposit for future Stock Subscription						
At January 1,	265,804,803	237,180,944	149,207,476	164,778,978	406,539,346	380,830,650
Issuances (redemptions)	123,902,996	127,552,578	116,597,327	72,401,966	(257,331,870)	(216,051,672)
At December 31	389,707,799	364,733,522	265,804,803	237,180,944	149,207,476	164,778,978

GS FUND	2011		2010		2009	
	PHP	SHARES	PHP	SHARES	PHP	SHARES
Authorized:						
200,000,000 ordinary shares at P0.01 par value	2,000,000	200,000,000	2,000,000	200,000,000	2,000,000	200,000,000
Issued and fully paid:						
At January 1,	2,000,000	200,000,000	1,695,015	169,501,465	1,058,261	105,826,050
Issuances during the year	-	-	304,985	30,498,535	613,351	61,335,079
Redemptions during the year	-	-	-	-	23,403	2,340,336
At December 31	2,000,000	200,000,000	2,000,000	200,000,000	1,695,015	169,501,465
Treasury Shares						
At January 1,	2,037	1,544	2,924,669	2,459,358	44,830,700	40,865,600
Acquired in the period	624,316,654	495,268,641	321,748,163	262,780,073	54,818,673	47,859,098
Reissuance	(624,100,651)	(495,113,783)	(324,670,795)	(265,237,887)	(96,724,704)	(86,265,340)
At December 31	218,040	156,402	2,037	1,544	2,924,669	2,459,358
Deposit for future Stock Subscription						
At January 1,	622,139,723	479,079,889	-	-	-	-
Issuances (redemptions)	(257,145,180)	(189,849,564)	622,139,723	479,079,889	-	-
At December 31	364,994,543	289,230,325	622,139,723	479,079,889	-	-

DOLLAR ADVANTAGE	2011		2010		2009	
	USD	SHARES	USD	SHARES	USD	SHARES
Authorized:						
6,200,000 ordinary shares at P1 par value	P6,200,000	6,200,000	P6,200,000	6,200,000	P6,200,000	6,200,000
Issued and fully paid:						
At January 1,	124,000	6,200,000	124,000	6,200,000	124,000	6,200,000
Issuances during the year	-	-	-	-	-	-
Redemptions during the year	-	-	-	-	-	-
At December 31	\$124,000	6,200,000	\$124,000	6,200,000	\$124,000	6,200,000



DOLLAR ADVANTAGE	2011		2010		2009	
	USD	SHARES	USD	SHARES	USD	SHARES
Treasury Shares						
At January 1,	14,254	5,305	5,650	2,209	1,178	506
Acquired in the period	3,648,483	1,514,158	2,748,514	1,167,605	2,587,339	1,056,129
Reissuance	(3,561,491)	(1,481,258)	(2,739,910)	(1,164,509)	(2,582,867)	(1,054,426)
At December 31	\$101,246	38,205	\$14,254	5,305	\$5,650	2,209
Deposit for future Stock Subscription						
At January 1,	4,057,730	1,516,109	3,686,884	1,145,559	3,288,621	1,114,119
Issuances (redemptions)	6,298,694	2,492,104	370,846	370,550	398,263	31,440
At December 31	\$10,356,424	4,008,213	\$4,057,730	1,516,109	\$3,686,884	1,145,559

DOLLAR ABUNDANCE	2011		2010		2009	
	USD	SHARES	USD	SHARES	USD	SHARES
Authorized:						
2,000,000 ordinary shares at P1 par value	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Issued and fully paid:						
At January 1,	40,000	2,000,000	40,000	2,000,000	32,637	1,631,870
Issuances during the year	21,124	1,056,208	21,288	1,064,417	20,047	1,002,341
Redemptions during the year	(21,124)	(1,056,208)	(21,288)	(1,064,417)	(12,684)	(634,211)
At December 31	\$40,000	2,000,000	\$40,000	2,000,000	\$40,000	2,000,000
Treasury Shares						
At January 1,	1,294	511	2,193	929	864,519	401,656
Acquired in the period	2,551,419	1,056,031	1,430,752	1,063,999	274,439	233,484
Reissuance	(2,551,820)	(1,056,208)	(1,431,651)	(1,064,417)	(1,136,765)	(634,211)
At December 31	\$893	334	\$1,294	511	\$2,193	929
Deposit for future Stock Subscription						
At January 1,	6,452,051	2,529,986	878,739	375,518	-	-
Issuances (redemptions)	1,132,619	475,915	5,573,312	2,154,468	878,739	375,518
At December 31	\$7,584,670	3,005,901	\$6,452,051	2,529,986	\$878,739	375,518

### 18. ADDITIONAL PAID-IN CAPITAL

Cash earned an average interest of 0.50% during 2010 and 2009, for peso mutual fund companies and 0.25% and 0.30% in 2010 and 2009 respectively for dollar mutual fund companies as disclosed in Note 18.

ADDITIONAL PAID-IN CAPITAL	2011	2010
Bond Fund	P1,900,130,005	P1,526,167,159
Balanced Fund	6,546,907,250	6,568,293,334
Philippine Equity Fund	2,096,529,094	1,852,908,794
Money Market Fund	126,766,775	107,497,992
GS Fund	233,599,255	220,568,462
Dollar Advantage Fund	\$14,757,806	\$14,362,189
Dollar Abundance Fund	\$4,320,680	\$4,227,600

### 19. NET ASSET VALUE PER SHARE

In accordance with the Company's valuation policy, fixed-income securities with quoted market prices and listed equity securities are valued at bid and last closing prices, respectively, for the purpose of determining the NAVPS for share subscriptions and redemptions.

Redeemable shares carry one vote each, and subject to the following:

- Distribution of dividends.** Each shareholder has a right to any dividends declared by the Company's Board of Directors and approved by 2/3 of its outstanding shareholders of the Company.
- Denial of pre-emptive rights.** No stockholder shall, because of his ownership of the stock, have a pre-emptive or other right to purchase, subscribe for, or take any part of stock or of any other securities convertible into or carrying options or warrants to purchase stock of the registrant.
- Right of redemption.** The holder of any share of the registrant upon its presentation to the Company or to any of its duly authorized representative is entitled to receive, by way of redemption, approximately his proportionate share of the Company's current net assets or the cash equivalent thereof. Shares are redeemable at any time at their net assets value less any applicable sales charges and taxes.

NAVPS is computed as follows:

	BOND		BALANCED		PHILIPPINE EQUITY	
	2011 PHP	2010 PHP	2011 PHP	2010 PHP	2011 PHP	2010 PHP
Total equity	4,765,527,317	3,290,752,365	8,670,329,207	8,528,831,793	5,044,964,180	4,865,527,241
Outstanding shares	1,978,954,313	1,483,432,947	3,184,933,777	3,242,299,291	1,199,051,209	1,199,874,291
Deposit for future stock subscription	-	-	-	-	678,995,546	663,183,007
					1,878,046,755	1,863,057,298
NAVPS	2.4081	2.2183	2.7223	2.6305	2.6863	2.6116

	MONEY MARKET		GS FUND	
	2011	2010	2011	2010
	PHP	PHP	PHP	PHP
Total equity	523,674,936	378,568,396	684,793,874	895,908,220
Outstanding shares	99,992,793	99,997,927	199,843,598	199,998,456
Deposit for future stock subscription	364,733,522	237,180,944	289,230,325	479,079,889
	464,726,315	337,178,871	489,073,923	679,078,345
NAVPS	1.1268	1.1228	1.4002	1.3193

	DOLLAR ADVANTAGE		DOLLAR ABUNDANCE	
	2011	2010	2011	2010
	USD	USD	USD	USD
Total equity	\$26,964,148	\$20,724,766	\$13,388,244	\$11,454,808
Outstanding shares	6,161,795	6,194,695	1,999,666	1,999,489
Deposit for future stock subscription	4,008,213	1,516,109	3,005,901	2,529,986
	10,170,008	7,710,804	5,005,567	4,529,475
NAVPS	\$2.6513	\$2.6878	\$2.6747	\$2.5289

Movements of outstanding shares and deposits for future stock subscriptions, are shown as follows:

	BOND		BALANCED		PHILIPPINE EQUITY	
	2011	2010	2011	2010	2011	2010
Issued and fully paid shares:						
Balance, January 1	1,483,432,947	1,351,132,044	3,242,299,291	199,998,633	1,199,874,291	199,999,721
Issuances	952,495,165	483,762,906	1,042,495,296	4,327,864,910	1,730,317,113	2,449,042,692
Redemptions	(456,973,799)	(351,462,003)	(1,099,860,810)	(1,285,564,252)	(1,731,140,195)	(1,449,168,122)
Balance, December 31	1,978,954,313	1,483,432,947	3,184,933,777	3,242,299,291	1,199,051,209	1,199,874,291
Deposit for future Stock Subscription						
Balance, January 1	-	-	-	3,592,057,696	663,183,007	1,449,012,530
Issuances	-	-	-	(3,592,057,696)	15,812,539	(785,829,523)
Balance, December 31	-	-	-	-	678,995,546	663,183,007
	1,978,954,313	1,483,432,947	3,184,933,777	3,242,299,291	1,878,046,755	1,863,057,298

	MONEY MARKET		GS FUND	
	2011	2010	2011	2010
	PHP	PHP	PHP	PHP
Issued and fully paid shares:				
Balance, January 1	99,997,927	99,999,729	199,198,456	167,042,107
Issuances	1,569,004,158	956,475,903	495,113,783	295,736,422
Redemptions	(1,569,009,292)	(956,477,705)	(495,268,641)	(262,780,073)
Balance, December 31	99,992,793	99,997,927	199,843,598	199,998,456
Deposit for future Stock Subscription				
Balance, January 1	237,180,944	164,778,978	479,079,889	479,079,889
Issuances	127,552,578	72,401,966	(189,849,564)	-
Balance, December 31	364,733,522	237,180,944	289,230,325	479,079,889
	464,726,315	337,178,871	489,073,923	679,078,345

	DOLLAR ADVANTAGE		DOLLAR ABUNDANCE	
	2011	2010	2011	2010
Issued and fully paid shares:				
Balance, January 1	6,194,695	6,197,791	1,999,489	1,999,071
Issuances	1,481,258	1,164,509	1,056,208	1,064,417
Redemptions	(1,514,158)	(1,167,605)	(1,056,031)	(1,063,999)
Balance, December 31	6,161,795	6,194,695	1,999,666	1,999,489
Deposit for future Stock Subscription				
Balance, January 1	1,516,109	1,145,559	2,529,986	375,518
Issuances	2,492,104	370,550	475,915	2,154,468
Balance, December 31	4,008,213	1,516,109	3,005,901	2,529,986
	10,170,008	7,710,804	5,005,567	4,529,475

NAVPS is based on issued, outstanding and fully paid shares plus deposits for future stock subscriptions. The expected cash outflow on redemption of these equity shares is equivalent to computed NAVPS as at reporting period

**20. INTEREST INCOME**

Interest income is recorded gross of withholding tax and the related final withholding taxes are shown as "Income Tax Expense" in the profit or loss.

Interest income earned on financial assets, analyzed by category, is as follows:

	BOND		BALANCED		PHILIPPINE EQUITY	
	2011	2010	2011	2010	2011	2010
	PHP	PHP	PHP	PHP	PHP	PHP
Treasury notes	181,327,229	172,429,262	42,973,561	63,573,105	-	3,326,513
Treasury bills	-	-	2,076,954	17,906,183	-	-
Corporate loans	35,466,480	34,539,438	4,812,379	5,715,040	-	-
Dollar-denominated bonds	-	-	-	-	-	-
Special savings	11,013,909	7,949,308	28,806,295	15,062,682	13,222,215	6,551,403
Held-to-maturity investments	-	-	-	-	-	-
Cash in banks	62,932	82,547	227,400	139,292	165,164	154,047
	227,870,550	215,000,555	78,896,589	102,396,302	13,387,378	10,031,963

	MONEY MARKET		GS FUND	
	2011	2010	2011	2010
	PHP	PHP	PHP	PHP
Treasury notes	3,581,920	-	35,920,679	18,918,167
Treasury bills	-	-	-	-
Corporate loans	-	-	-	-
Dollar-denominated bonds	-	-	-	-
Special savings	7,168,306	8,666,164	1,532,818	1,386,829
Held-to-maturity investments	-	-	-	-
Cash in banks	87,835	40,782	105,609	18,758
	10,838,061	8,706,946	37,559,106	20,323,754

	DOLLAR ADVANTAGE		DOLLAR ABUNDANCE	
	2011	2010	2011	2010
	USD	USD	USD	USD
Treasury notes	-	-	-	-
Treasury bills	-	-	-	-
Corporate loans	-	-	-	-
Dollar-denominated bonds	533,611	740,651	518,895	326,994
Special savings	5,425	2,092	2,141	670
Held-to-maturity investments	-	-	-	-
Cash in banks	576	465	635	786
	539,612	743,208	521,671	328,450

Interest income earned on financial assets, analyzed by categories are as follows:

	BOND		BALANCED		PHILIPPINE EQUITY	
	2011	2010	2011	2010	2011	2010
	PHP	PHP	PHP	PHP	PHP	PHP
Financial asset at fair value through profit or loss	192,341,138	180,378,570	73,856,810	96,541,970	13,222,215	9,877,916
Loans and receivables	35,466,480	34,539,438	4,812,379	5,715,040	-	-
Held-to-maturity investments	-	-	-	-	-	-
Cash in banks	62,932	82,547	227,400	139,292	165,164	154,047
	227,870,550	215,000,555	78,896,589	102,396,302	13,387,378	10,031,963

	MONEY MARKET		GS FUND	
	2011	2010	2011	2010
	PHP	PHP	PHP	PHP
Financial asset at fair value through profit or loss	7,168,306	8,666,164	37,453,497	20,304,996
Loans and receivables	-	-	-	-
Held-to-maturity investments	3,581,920	-	-	-
Cash in banks	87,835	40,782	105,609	18,758
	10,838,061	8,706,946	37,559,106	20,323,754

	DOLLAR ADVANTAGE		DOLLAR ABUNDANCE	
	2011	2010	2011	2010
	USD	USD	USD	USD
Financial asset at fair value through profit or loss	539,036	742,743	521,036	327,664
Loans and receivables	-	-	-	-
Held-to-maturity investments	-	-	-	-
Cash in banks	576	465	635	786
	539,612	743,208	521,671	328,450

## 21. NET REALIZED GAIN (LOSS) ON INVESTMENTS

BALANCED	2011	2010	2009
Net realized gain (loss):	PHP	PHP	PHP
Listed equity securities	936,008,662	790,890,204	21,885,205
Fixed-income investments	4,397,623	12,192,978	12,951,512
	940,406,285	803,083,182	34,836,717

Investment in fixed-income securities consist of investments in treasury notes, special saving deposits and corporate loan.

## 22. OTHER INCOME

	BOND		BALANCED		PHILIPPINE EQUITY	
	2011	2010	2011	2010	2011	2010
	PHP	PHP	PHP	PHP	PHP	PHP
Reversal of accrued expenses	-	-	19,435,893	5,717,747	11,327,791	-
Gain from pre-termination of loan	-	4,950,000	-	750,000	-	-
Others	-	103,540	-	26	-	1,761,378
Documentary stamp tax refund	-	-	-	-	-	-
	-	5,053,540	19,435,893	6,467,773	11,327,791	1,761,378

## 23. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	BOND		BALANCED		PHILIPPINE EQUITY	
	2011	2010	2011	2010	2011	2010
	PHP	PHP	PHP	PHP	PHP	PHP
Profit for the year	340,441,931	223,319,271	321,581,086	2,140,620,420	161,892,757	1,253,015,876
Weighted average number of issued and outstanding shares for the purpose of computing basic earnings per share	1,689,336,052	1,393,221,382	3,244,288,207	3,492,024,607	1,941,940,617	1,705,412,332
Basic and diluted earnings per share	0.20	0.16	0.10	0.61	0.08	0.73

	MONEY MARKET		GS FUND	
	2011	2010	2011	2010
	PHP	PHP	PHP	PHP
Profit for the year	1,940,555	2,836,453	33,216,044	39,242,970
Weighted average number of issued and outstanding shares for the purpose of computing basic earnings per share	454,644,989	329,039,654	542,379,755	300,611,655
Basic and diluted earnings per share	0.004	0.009	0.06	0.13

	DOLLAR ADVANTAGE		DOLLAR ABUNDANCE	
	2011	2010	2011	2010
	USD	USD	USD	USD
Profit for the year	(367,937)	850,882	707,336	328,219
Weighted average number of issued and outstanding shares for the purpose of computing basic earnings per share	9,541,151	7,370,599	4,810,996	3,050,783
Basic and diluted earnings per share	(0.04)	0.12	0.15	0.11

**22. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The fair values of the Companies' financial assets and financial liabilities are shown below:

	BOND			
	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Financial assets at fair value through profit or loss	3,991,532,165	3,991,532,165	2,555,003,442	2,555,003,442
Cash in banks	41,144,224	41,144,224	300,153,540	300,153,540
Loans and receivables	680,000,000	680,000,000	390,317,914	390,317,914
Accrued interest receivable	60,836,267	60,836,267	51,133,379	51,133,379
	4,773,512,656	4,773,512,656	3,296,608,275	3,296,608,275
Financial Liabilities				
Payable to fund manager	8,127,803	8,127,803	5,405,101	5,405,101
Accrued expenses	239,767	239,767	325,648	325,648
	8,367,570	8,367,570	5,730,749	5,730,749

	BALANCED			
	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Financial assets at fair value through profit or loss	8,570,169,872	8,570,169,872	8,519,880,580	8,519,880,580
Cash in banks	53,762,111	53,762,111	60,044,728	60,044,728
Loans and receivables	50,000,000	50,000,000	50,000,000	50,000,000
Accrued interest receivable	38,496,284	38,496,284	22,314,218	22,314,218
Due from brokers	7,831,430	7,831,430	-	-
	8,720,259,697	8,720,259,697	8,652,239,526	8,652,239,526
Financial Liabilities				
Payable to fund manager	28,998,463	28,998,463	85,993,354	85,993,354
Accrued expenses	24,807,653	24,807,653	19,261,427	19,261,427
	53,806,116	53,806,116	105,254,781	105,254,781

	PHILIPPINE EQUITY			
	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Financial assets at fair value through profit or loss	5,021,464,907	5,021,464,907	4,903,588,503	4,903,588,503
Cash in banks	42,100,386	42,100,386	71,757,088	71,757,088
Due from Broker	9,464,634	9,464,634	11,864,142	11,864,142
Accrued interest receivable	123,026	123,026	98,297	98,297
	5,073,152,953	5,073,152,953	4,987,308,030	4,987,308,030
Financial Liabilities				
Due to broker	21,440,835	21,440,835	55,842,343	55,842,343
Accrued expenses	175,551	175,551	44,558,796	44,558,796
Payable to fund manager	10,016,976	10,016,976	10,415,598	10,415,598
	31,633,362	31,633,362	110,816,737	110,816,737

	MONEY MARKET			
	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Financial assets at fair value through profit or loss	354,150,000	354,150,000	363,670,000	363,670,000
Held to Maturity Investment	143,064,360	143,064,360	-	-
Cash in banks	24,544,137	24,544,137	21,163,808	21,163,808
Accrued interest receivable	3,504,769	3,504,769	31,390	31,390
	525,263,266	525,263,266	384,865,198	384,865,198
Financial Liabilities				
Accrued expenses	740,334	740,334	5,143,848	5,143,848
Payable to fund manager	786,988	786,988	390,532	390,532
	1,527,322	1,527,322	5,534,380	5,534,380

	GS FUND			
	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Financial assets at fair value through profit or loss	656,732,037	656,732,037	862,267,393	862,267,393
Cash in banks	21,291,658	21,291,658	22,128,802	22,128,802
Accrued interest receivable	8,307,853	8,307,853	13,243,378	13,243,378
Other receivables	20,000	20,000	20,000	20,000
	686,351,548	686,351,548	897,659,573	897,659,573
Financial Liabilities				
Payable to fund manager	1,294,281	1,294,281	1,484,668	1,484,668
Accrued expenses	57,186	57,186	83,273	83,273
	1,351,467	1,351,467	1,567,941	1,567,941

	DOLLAR ADVANTAGE			
	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Financial assets at fair value through profit or loss	\$26,568,971	\$26,568,971	\$19,184,922	\$19,184,922
Cash in banks	277,150	277,150	1,396,554	1,396,554
Accrued interest receivable	219,149	219,149	319,358	319,358
	\$27,065,270	\$27,065,270	\$20,900,834	\$20,900,834
Financial Liabilities				
Accrued expenses	\$1,972	\$1,972	\$56,086	\$56,086
Payable to fund manager	34,156	34,156	33,713	33,713
	\$36,128	\$36,128	\$89,799	\$89,799

	DOLLAR ABUNDANCE			
	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Financial assets at fair value through profit or loss	\$12,981,127	\$12,981,127	\$11,118,760	\$11,118,760
Cash in banks	223,345	223,345	267,736	267,736
Accrued interest receivable	222,998	222,998	186,491	186,491
	\$13,427,470	\$13,427,470	\$11,572,987	\$11,572,987
Financial Liabilities				
Accrued expenses	\$1,406	\$1,406	\$78,268	\$78,268
Payable to fund manager	8,756	8,756	16,482	16,482
	\$10,162	\$10,162	\$94,750	\$94,750

The fair values of the Company's financial assets and financial liabilities are determined as follows:

Due to the short-term maturities of cash in banks, accrued interest receivable, payable to fund manager and accrued expenses, their carrying amounts approximate their fair values.

The fair value of loans receivable is determined based on the discounted cash flow analysis using interest rates for similar types instruments;

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset, liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	BOND			BALANCED			PHILIPPINE EQUITY		
	Level 1	Level 2	Total	Level 1	Level 2	Total	Level 1	Level 2	Total
2011 Financial assets at fair value through profit or loss									
Special savings	-	392,150,000	392,150,000	-	933,430,000	933,430,000	-	710,580,000	710,580,000
Fixed-income securities	3,599,382,165	-	3,599,382,165	2,327,288,248	-	2,327,288,248	-	-	-
Investments in listed equity securities	-	-	-	5,309,451,624	-	5,309,451,624	4,310,884,907	-	4,310,885,305
	3,599,382,165	392,150,000	3,991,532,165	7,636,739,872	933,430,000	8,570,169,872	4,310,884,907	710,580,000	5,021,465,305
2010 Financial assets at fair value through profit or loss									
Special savings	-	291,470,000	291,470,000	-	1,028,470,000	1,028,470,000	-	568,790,000	568,790,000
Fixed-income securities	2,263,533,442	-	2,263,533,442	850,949,234	-	850,949,234	-	-	-
Investments in listed equity securities	-	-	-	6,640,461,346	-	6,640,461,346	4,334,798,503	-	4,334,798,503
	2,263,533,442	291,470,000	2,555,003,442	7,491,410,580	1,028,470,000	8,519,880,580	4,334,798,503	568,790,000	4,903,588,503

	DOLLAR ADVANTAGE			DOLLAR ABUNDANCE		
	Level 1	Level 2	Total	Level 1	Level 2	Total
2011 Financial assets at fair value through profit or loss						
Special savings	-	\$7,622,600	\$7,622,600	-	\$1,328,100	\$1,328,100
Fixed-income securities	8,985,671	-	8,985,671	11,653,027	-	11,653,027
Investments in listed equity securities	9,960,700	-	9,960,700	-	-	-
	\$18,946,371	\$7,622,600	\$26,568,971	\$11,653,027	\$1,328,100	\$12,981,127
2010 Financial assets at fair value through profit or loss						
Special savings	-	\$2,944,100	\$2,944,100	-	\$2,336,000	\$2,336,000
Fixed-income securities	13,512,682	-	13,512,682	8,782,760	-	8,782,760
Investments in listed equity securities	2,728,140	-	2,728,140	-	-	-
	\$16,240,822	\$2,944,100	\$19,184,922	\$8,782,760	\$2,336,000	\$11,118,760

	MONEY MARKET			GS FUND		
	Level 1	Level 2	Total	Level 1	Level 2	Total
2011 Financial assets at fair value through profit or loss						
Special savings	-	354,150,000	354,150,000	-	46,980,000	46,980,000
Fixed-income securities	-	-	-	609,752,037	-	609,752,037
	-	354,150,000	354,150,000	609,752,037	46,980,000	656,732,037
2010 Financial assets at fair value through profit or loss						
Special savings	-	363,670,000	363,670,000	-	60,860,000	60,860,000
Fixed-income securities	-	-	-	801,407,393	-	801,407,393
	0	363,670,000	363,670,000	801,407,393	60,860,000	862,267,393

The fair values of special savings deposits are based on the quoted price of similar instruments. The fair values of investments in treasury notes are based on quoted prices in active market. Listed equity securities are valued at closing price in compliance with SRC Rule 52.1 Par. e, which states that securities shall be valued at the last sales price. If no sale of such security is made on that date, bid prices will then be considered as the closing price.

There were no transfers between different levels in 2011 and 2010.

**25. INCOME TAXES**

Income tax expense pertains to current tax expense paid during the year.

A reconciliation of the statutory income tax rate to effective income tax rate follows:

	BOND		BALANCED		PHILIPPINE EQUITY	
	2011	2010	2011	2010	2011	2010
	PHP	PHP	PHP	PHP	PHP	PHP
Accounting profit	386,431,294	266,596,235	337,549,926	2,162,772,128	164,568,553	1,225,016,568
Tax expense at 30%	115,929,388	79,978,871	101,264,978	648,831,638	49,370,566	376,504,970
Addition to (Reduction from) income tax resulting from:						
Net operating loss carry-over (NOLCO)	12,000,993	4,707,804	56,326,697	53,468,186	34,583,361	27,814,611
Non-taxable income	(1,028,731)	(8,748,401)	(282,121,885)	(240,924,955)	(187,871,371)	(158,918,577)
Non-deductible expense	-	-	-	-	-	-
Unrealized fair value loss (gain) of investments	(69,275,803)	(21,935,457)	204,402,817	(376,277,831)	144,440,421	(215,509,962)
Dividend income exempt from tax	-	-	(57,647,344)	(56,092,659)	(36,506,764)	(26,881,453)
Interest income subject to final tax	(11,636,484)	(10,725,853)	(6,256,423)	(6,852,671)	(1,340,417)	(1,008,897)
	45,989,363	43,276,964	15,968,840	22,151,708	2,675,796	2,000,692

	MONEY MARKET		GS FUND	
	2011	2010	2011	2010
	PHP	PHP	PHP	PHP
Accounting profit	4,988,034	4,574,781	42,858,050	44,272,485
Tax expense at 30%	1,496,410	1,372,435	12,857,415	13,281,746
Addition to (Reduction from) income tax resulting from:				
Net operating loss carry-over (NOLCO)	1,755,008	1,239,649	4,125,767	2,062,810
Non-taxable income	-	-	(1,601,496)	-
Non-deductible expense	1,319,806	-	-	-
Unrealized fair value loss (gain) of investments	-	-	(4,113,954)	(9,247,430)
Dividend income exempt from tax	-	-	-	-
Interest income subject to final tax	(1,523,745)	(873,756)	(1,625,726)	(1,067,610)
	3,047,479	1,738,328	9,642,006	5,029,516

	DOLLAR ADVANTAGE		DOLLAR ABUNDANCE	
	2011	2010	2011	2010
	USD	USD	USD	USD
Accounting profit	(329,037)	961,485	802,569	393,954
Tax expense at 30%	(98,711)	288,445	240,771	118,186
Addition to (Reduction from) income tax resulting from:				
Net operating loss carry-over (NOLCO)	-	-	-	-
Non-taxable income	(57,906)	(88,622)	(7,515)	-
Non-deductible expense	-	-	19,313	18,437
Unrealized fair value loss (gain) of investments	177,286	(86,175)	(156,726)	(62,995)
Dividend income exempt from tax	-	-	-	-
Interest income subject to final tax	18,231	(3,045)	(610)	(7,893)
	38,900	110,603	95,233	65,735

Details of the Companies' NOLCO are as follows:

BOND		2010			2011
Year Incurred	Year of Expiry	Balance	Additions/	(Expired)	Balance
2010	2013	15,692,680	0	0	15,692,680
2011	2014	0	40,003,309	0	40,003,309
		15,692,680	40,003,309	0	55,695,989

BALANCED		2010			2011
Year Incurred	Year of Expiry	Balance	Additions/	(Expired)	Balance
2008	2011	191,016,014	0	(191,016,014)	0
2009	2012	152,537,147	0	0	152,537,147
2010	2013	178,227,285	0	0	178,227,285
2011	2014	-	187,755,657	0	187,755,657
		521,780,446	187,755,657	(191,016,014)	518,520,089



PHILIPPINE EQUITY		2010			2011
Year Incurred	Year of Expiry	Balance	Additions/	(Expired)	Balance
2008	2011	62,130,813	0	(62,130,813)	0
2009	2012	57,223,478	0	0	57,223,478
2010	2013	92,715,369	0	0	92,715,369
2011	2014	0	115,277,870	0	115,277,870
		212,069,660	115,277,870	(62,130,813)	265,216,717

MONEY MARKET		2010			2011
Year Incurred	Year of Expiry	Balance	Additions/	(Expired)	Balance
2008	2011	5,821,669	0	(5,821,669)	0
2009	2012	4,335,913	0	0	4,335,913
2010	2013	4,132,165	0	0	4,132,165
2011	2014	0	5,850,027	0	5,850,027
		14,289,747	5,850,027	(5,821,669)	14,318,105

GS FUND		2010			2011
Year Incurred	Year of Expiry	Balance	Additions/	(Expired)	Balance
2008	2011	1,673,721	0	(1,673,721)	0
2009	2012	2,193,221	0	0	2,193,221
2010	2013	6,876,034	0	0	6,876,034
2011	2014	0	13,752,555	0	13,752,555
		10,742,976	13,752,555	(1,673,721)	22,821,810

Deferred income tax on NOLCO was not recognized because tax benefit is not likely to be realized in the future.

Substantial portion of the Companies' income is interest income arising from treasury notes and special savings accounts, which are already subjected to final withholding tax and therefore excluded in the computation of taxable income. Thus, with the exception of Bond, Balanced, Dollar Advantage and Dollar Abundance Funds, the Companies usually incur net taxable losses but are still liable to pay the minimum corporate income tax (MCIT) of 2% of gross income.

Details of MCIT are as follows:

BOND						
Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2010	681,244	0	0	0	681,244	2013
2011	715,688	0	0	0	715,688	2014
	1,396,932	0	0	0	1,396,932	

BALANCED						
Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2008	94,308	0	0	94,308	0	
2009	137,481	0	0	0	137,481	2012
2010	223,112	0	0	0	223,112	2013
2011	484,965	0	0	0	484,965	2014
	939,866	0	0	94,308	845,558	

PHILIPPINE EQUITY						
Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2010	35,228	0	0	0	35,228	2013
2011	226,555	0	0	0	226,555	2014
	261,783	0	0	0	261,783	

MONEY MARKET						
Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2010	422	0	0	0	422	2013
2011	276	0	0	0	276	2014
	698	0	0	0	698	

**26. CONTINGENCY**

In the opinion of the Management and its legal counsels, the Companies have no pending legal cases as of December 31, 2010 and 2011 that may have a material effect on the Companies' financial position and results of operation.

**27. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR) UNDER REVENUE REGULATIONS NO. 15-2010 AND 19-2011**

The following information on taxes, duties and license fees paid or accrued during the taxable year is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements.

**Revenue Regulations No. 15-2010**

*Documentary stamp tax*

Documentary stamp taxes paid or accrued by the Companies during 2011 represents taxes paid relative to the issuance of stock certificates by the Company to its shareholders. The documentary stamp tax being paid by the Company to the BIR includes those charged against the shareholder's investment for stock certificate issuances in excess of four (4) inter-fund transfers per calendar year.

DOCUMENTARY STAMP TAX	2011
Bond Fund	3,720,396
Balanced Fund	84,788
Philippine Equity Fund	72,030
Money Market Fund	29,640
GS Fund	12,191
Dollar Advantage Fund	5,414
Dollar Abundance Fund	3,611

Details of the Companies' other taxes and licenses and permit fees paid or accrued are as follows:

OTHER TAXES AND LICENSES	BOND	BALANCED	PHILIPPINE EQUITY
	2011		
Charged to Operating Expenses			
Business tax	1,451,236	2,224,745	1,286,439
Residence or community tax	10,500	10,500	10,500
Permit fees	7,551	7,551	7,551
Others	1,500	1,500	1,500
	1,470,787	2,244,296	1,305,990

OTHER TAXES AND LICENSES	MONEY MARKET	GS FUND
	2011	
Charged to Operating Expenses		
Business tax	39,674	63,398
Residence or community tax	3,985	8,630
Permit fees	7,551	7,551
Others	1,500	1,500
	52,710	81,079

OTHER TAXES AND LICENSES	DOLLAR ADVANTAGE	DOLLAR ABUNDANCE
	2011	
Charged to Operating Expenses		
Business tax	72,370	52,567
Residence or community tax	10,500	6,424
Permit fees	6,450	7,611
Others	500	1,504
	89,820	68,106

*Withholding taxes*

The Companies' expanded withholding taxes paid or accrued during 2011 were mainly withholding taxes on the aggregate fees paid for the services rendered by SLAMCI.

	2011
Bond Fund	5,696,186
Balanced Fund	16,389,648
Philippine Equity Fund	9,963,085
Money Market Fund	443,274
GS Fund	987,873
Dollar Advantage Fund	1,673,540
Dollar Abundance Fund	835,911

**Revenue Regulations No. 19-2011**

Details of the Companies' other income earned are as follows:

OTHER INCOME	BALANCED	DOLLAR ADVANTAGE
	Regular Rate	
Interest Income	4,812,379	P26,186,058
Other Income	19,435,893	469,574
	24,248,272	P26,655,632

Details of the Companies itemized deductions incurred during the year are as follows:

OTHER INCOME	BOND	BALANCED	PHILIPPINE EQUITY
	Regular Rate		
Professional Fees	250,577	609,344	103,698
Director's Fees	224,000	367,500	387,500
Management and Consultancy Fee	69,924,224	207,021,930	123,003,411
Office Supplies	48,973	69,330	59,152
Taxes and Licenses	5,041,771	2,329,084	1,411,970
Custodianship Fees	298,158	1,606,741	499,437
Miscellaneous	-	-	1,140,493
	75,787,703	212,003,929	126,605,661

OTHER INCOME	MONEY MARKET	GS FUND
	Regular Rate	
Professional Fees	78,576	73,306
Director's Fees	154,000	244,000
Management and Consultancy Fee	5,452,893	13,214,892
Office Supplies	48,973	49,483
Taxes and Licenses	116,475	114,112
Custodianship Fees	12,890	56,762
Miscellaneous	-	-
	5,863,807	13,752,555

OTHER INCOME	DOLLAR ADVANTAGE	DOLLAR ABUNDANCE
	Regular Rate	
Professional Fees	P106,036	P75,646
Director's Fees	251,599	249,763
Management and Consultancy Fee	20,416,325	9,967,167
Office Supplies	49,498	50,023
Taxes and Licenses	160,912	86,752
Custodianship Fees	67,688	67,119
Miscellaneous	-	64,321
	P21,052,058	P10,560,791

**28. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements of the Companies were reviewed and endorsed by the Audit and Compliance Committee for the approval of the Board of Directors on April 13, 2012. The Board of Directors approved the issuance of the financial statements on April 13, 2012.

## DIRECTORS AND OFFICERS OF THE SUN LIFE PROSPERITY FUNDS

**RIZALINA G. MANTARING**

52, Director/Chairman  
(2007 to present)

Ms. Mantaring, 52, Filipino, is currently the Chairman of the 7 Sun Life Prosperity Funds i.e., Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity GS Fund, Inc., and Sun Life Prosperity Money Market Fund, Inc. (2009 to present), (“7 Sun Life Prosperity Funds”). She is also the Chairman of the Grepalife Dollar Bond Fund Corporation, Grepalife Bond Fund Corporation, and Grepalife Fixed Income Fund Corporation (“Grepalife Funds”) (2011 to present) and of Great Life Financial Assurance Corporation (2012). She also serves as the President & CEO of Sun Life of Canada (Philippines), Inc. (“SLOCPI”), Sun Life Financial Plans, Inc. (“SLFPI”), Sun Life Asset Management Company, Inc. (“SLAMCI”), Sun Life Financial Philippine Holding Company, Inc., and Sun Life Financial - Philippines Foundation, Inc., (2009 to present). She is also a member of the Boards of Directors of Sun Life Grepa Financial, Inc. and Grepalife Asset Management Corporation (“GAMC”). Ms. Mantaring is a member of the Board of Trustees of the Philippine Life Insurance Association, Inc. (2010 to present). Prior to the foregoing, Ms. Mantaring was Deputy President of the Sun Life Financial Philippines group of companies (2009) and Regional Chief Operations Officer of Sun Life Financial Asia (2008 to 2009). She also served as Chief Operating Officer of SLOCPI (1999 to 2008) and Information Systems Head, Asia Pacific Division of the Sun Life Assurance Company of Canada (1992 to 1999). Ms. Mantaring received her Bachelor of Science in Electrical Engineering (cum laude) from the University of the Philippines and Master of Science in Computer Science from the State University of New York at Albany. She is also a Fellow, Life Management Institute (with distinction) and Associate, Customer Service (with honors) of the Life Office Management Association (“LOMA”).

**VALERIE N. PAMA**

48, Director/President  
(2011 to present)

Ms. Pama, 48, Filipino, is currently the President of the 7 Sun Life Prosperity Funds (2011 to present), and Grepalife Funds (2011 to present). She is also the Chief Operating Officer of SLAMCI (2011 to present). Ms. Pama was in the banking industry for 20 years. She started with Citibank N.A. in 1990 by joining the Bank Management Associate Program. There, Ms. Pama joined various segments of the business, assuming progressively more senior roles over the years. She had worked in treasury/capital markets, loans, equity sales, customer funding sales, brokerage and money market sales. By the time she left Citibank in February 2009, Ms. Pama was the President of its brokerage business. Prior to joining Sun Life, Ms. Pama was a consultant for ING Bank in the Investment Management Group, where she was mainly involved in product development. She is a graduate of the Ateneo De Manila University with a Bachelor of Science degree in Management Engineering. She took further studies in Katholieke Universiteit Leuven in Belgium where she obtained her Master’s degree in Business Administration (Major in International Business and Finance Minor in Business Economics).

**MA. KARENINA M. CASAS**

49, Director  
(2009 to present)

Ms. Casas, 49, Filipino, is currently a Director of the Sun Life of Canada Prosperity Money Market Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., and Sun Life Prosperity Dollar Abundance Fund, Inc. (2009 to present), and the Grepalife Funds (2011 to present). She is also a member of the Board of Trustees of Sun Life Financial – Philippines Foundation, Inc. (2009 to present). Ms. Casas also served as President of the above-mentioned Funds (2009) as well as of Sun Life of Canada Prosperity Balanced Fund, Inc. (2009), and Sun Life of Canada Prosperity Philippine Equity Fund, Inc. (2009). She is currently the Chief Administration Officer (2006 to present) of the Sun Life Financial Philippines group. She graduated with a BS Psychology degree and MA Candidate in Child and Family Development from the Ateneo de Manila University. Ms. Casas also holds the designation of Professional, Customer Service (with honors) and Associate, Customer Service, from LOMA.

**JOSE M. FAUSTINO**

73, Independent Director  
(2000 to present)

Prof. Faustino, 73, Filipino, is an Independent Director of the Sun Life of Canada Prosperity Balanced Fund, Inc. (2009 to present), Sun Life Prosperity GS Fund, Inc. (2004 to present), and Sun Life of Canada Prosperity Philippine Equity Fund, Inc. (2000 to present). Prof. Faustino is the retired Goodyear Professor of Business of the Asian Institute of Management (1980-2009). Presently, he is the Program Director of Marketing Strategy Course in Asian Institute of Management. He also serves as a Visiting Professor to Leiden University, the Netherlands (2001 to present) and Universiti Kebangsaan, Malaysia (2009 to 2010). He is the recipient of the 1991 Agora Award for excellence in Marketing Education from the Philippine Marketing Association. Prof. Faustino holds a Master in Business Administration from the Harvard Business School and a Master of Arts in Economics from Amherst College. He received his Bachelor of Arts (cum laude) from the Ateneo de Manila University. He also attended the Top Management Program of the Asian Institute of Management.

**NILO B. PEÑA**

75, Director  
(1999 to present)

Atty. Peña, Filipino, has actively and continuously engaged in the practice of law with the law firm Quasha Ancheta Peña & Nolasco (originally William H. Quasha & Associates), first as an underbar in 1960 and currently as a Senior Partner. He is a member of the Boards of Trustees of the St. Luke's Medical Center, Inc. (1996 to present) and St. Luke's College of Medicine (2004 to present). He became Chairman of the Good Governance Committee of St. Luke's Medical Center, Inc. in 2010. Atty. Peña serves as a director of SLMC Bonifacio Global City MAB Corp. (2005 to present). He also serves as Chairman of the Board of Trustees of the Standard Chartered Bank Employees' Retirement Fund (1992 to present) and as Corporate Secretary of QBE Insurance (Philippines), Inc. (1998 to present). He was also the Bar Examiner in Mercantile Law in the 1997 and 2006 Bar Examinations. Atty. Peña received his AA and Bachelor of Laws from the University of the Philippines.

**OSCAR M. ORBOS**

61, Independent Director  
(2002 to present)

Atty. Orbos, 61, Filipino, is an Independent Director of the Sun Life of Canada Prosperity Philippine Equity Fund, Inc. (2002 to present), Sun Life Prosperity Dollar Advantage Fund, Inc. (2009 to present) and Sun Life Prosperity Dollar Abundance Fund, Inc. (2009 to present). Atty. Orbos has a distinguished public service career, which started with his election as Congressman (1987 to 1990 and 1992 to 1995) and then as Governor of the Province of Pangasinan (1995 to 1998). He also served as Secretary of the Department of Transportation and Communication (1990) and then as Executive Secretary (1990 to 1991) under the administration of President Corazon C. Aquino. Atty. Orbos also serves as Chairman of the Board of Alpha Insurance & Surety Co., Inc. (2000 to present) and as Partner at Orbos Cabusora & Taguian Law Office (1998 to present). He obtained his BS Economics and Bachelor of Laws from the University of the Philippines.



**ALELI ANGELA G. QUIRINO**

68, Independent Director  
(2000 to present)

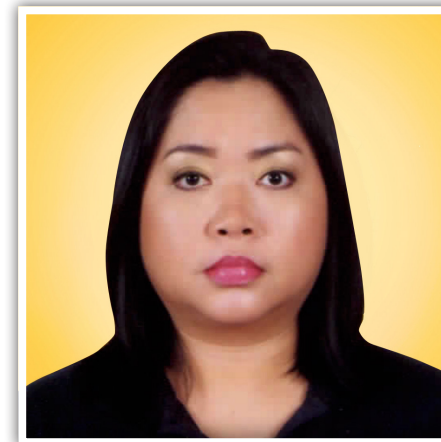
Atty. Quirino, 68, Filipino, is an Independent Director of Sun Life of Canada Prosperity Balanced Fund, Inc. (2009 to present), Sun Life Prosperity Money Market Fund, Inc. (2004 to present), Sun Life of Canada Prosperity Bond Fund, Inc. (2000 to present), and the Grepalife Funds (2011 to present). She is currently Of Counsel of Angara Abello Concepcion Regala & Cruz Law Offices (ACCRA Law) (2010). She also serves as Director-Treasurer of SysNet Integrators, Inc. (2001 to present), EP2, Inc. (2003 to present), Ideawurx Inc. (2001 to present), Intellectual Property Foundation, Inc. (1998 to present), Vani-Txt, Inc and ELC Beauty and Inc./Estee Lauder (Phils.). She also serves as a Director and Corporate Secretary of Fila Philippines, Inc. (1993 to present), Anglo-Eastern Crew Management (Phils.), Inc. (1999 to present), Hazama Philippines, Inc. (1995 to present), LNC (SPV)-AMC Corp. (2005 to present), LNC 3 Asset Management, Inc. (2006 to present), Plaka Athena Holdings Corporation (2005 to present) and New Pacific Resources Management (SPV-AMC), Inc. (2007 to present). She is the Chairman of the Intellectual Property Association of the Philippines (2009 to present), President of the Ateneo Law Alumni Foundation, Inc. (2008 to present) and Trustee-Corporate Secretary of Assumption College, Inc. (1996 to present). Atty. Quirino received her Bachelor of Arts and Bachelor of Science in Education (magna cum laude) from Assumption College and Bachelor of Laws (with honors) from the Ateneo de Manila University.



**OSCAR S. REYES**

66, Independent Director  
(2002 to present)

Mr. Reyes, 66, Filipino, is an Independent Director of the Sun Life Prosperity Dollar Abundance Fund, Inc. (2004 to present), Sun Life Prosperity Dollar Advantage Fund, Inc. (2002 to present), Sun Life of Canada Prosperity GS Fund, Inc. (2011 to present), Sun Life Prosperity Money Market Fund, Inc. (2011 to present), Sun Life of Canada Prosperity Bond Fund, Inc. (2011 to present), SLFPI (2006 to present) and the Grepalife Funds (2011 to present). He is currently the President and Chief Executive Officer and member of the Board of Directors of Manila Electric Co. (2010 to present). Among his other positions are: Member of the Board of Directors of Philippine Long Distance Telephone Company, Advisory Board (2001 to present); SMART Communications Inc. (2006 to present); Mindoro Resources Ltd. (2002 to present); Republic Surety and Insurance, Inc. (2002 to present); and Calamba Aero Power Corporation (2011 to present). He is an independent director of the Bank of the Philippine Islands (2003 to present); Manila Water Company (2005 to present); Ayala Land, Inc. (2009 to present); Basic Energy Corporation (2007 to present); and Alcorn Gold Resources Corp. (2009 to present). He is presently the Chairman of MRL Gold Philippines, Inc. (2008 to present), Link Edge, Inc. (2002 to present), CIS Bayad Center, Inc. (2010 to present), Meralco Energy, Inc. (2010 to present), Meralco Industrial Engineering Services, Inc. (2010 to present), Pepsi Cola Products Philippines, Inc. (2012 to present). He is also the President of Meralco Powergen Corporation (2010 to present). Prior to these posts, he served the Shell Group of Companies in the Philippines in various capacities, including Country Chairman and concurrently President of Pilipinas Shell Petroleum Corporation, Shell Gas Philippines Inc., Shell Chemical Co. of the Philippines, and Managing Director of Shell Philippines Exploration B.V (1997 to 2001). He finished his B.A. degree major in Economics (cum Laude) at the Ateneo de Manila University in 1965, and undertook the MBA program at the Ateneo de Manila Graduate School of Business. He also took post-graduate studies at Waterloo Lutheran University and Harvard Business School, among other schools abroad.



**JOAN P. GALANG**

38, Treasurer  
(2011 to present)

Ms. Galang, 38, Filipino, is the Treasurer of the 7 Sun Life Prosperity Funds (2011 to present). She has more than 12 years of experience from different industries. She has worked as Banking, Insurance and Collection Officer, Del Monte, Philippines, Inc. (1996 to 1997); Management Accountant, DHL Worldwide Express Philippines Corp. (2001 to 2003); and Compliance and Control Reviewer, Citibank, N.A. (2005 to 2008). She was the Risk and Control Officer involved in the set-up of Risk and Control Framework for Deutsche Knowledge Services (DKS) (July to Dec 2011) prior to joining the Company. Ms. Galang graduated with a degree in B.S. Accountancy from the De La Salle University and finished her Master in Business Management at the Asian Institute of Management.



**JEMILYN S. CAMANIA**

Corporate Secretary  
(2005 to present)

Atty. Camania, Filipino, is also the Corporate Secretary of SLOCPI (2010 to present), SLFPI (2010 to present), SLAMCI (2005 to present), Sun Life Financial Philippine Holding Company, Inc. (2012), Sun Life Financial - Philippines Foundation, Inc. (2012), the 7 Sun Life Prosperity Funds (2005 to present), GAMC (2011 to present), Great Life Financial Assurance Corporation (2012), and the 3 Grepalife Mutual Funds (2011 to present). She also serves as Assistant Corporate Secretary of Sun Life Grepa Financial, Inc. (2012). She started at Sun Life as Assistant Counsel (2004) and is currently a Senior Counsel (2011 to present). Prior to joining Sun Life, she worked as an Associate at the Cayetano Sebastian Ata Dado & Cruz Law Offices (2001 to 2004). Atty. Camania received her Bachelor of Arts in Psychology (1996) and Bachelor of Laws (2001) from the University of the Philippines. She was called to the Bar in 2002. She is also a Fellow, Life Management Institute (2010) and Professional, Customer Service (with honors) (2011) of LOMA.

**LEA ROYALE B. KABANLIT**

32, Assistant Corporate Secretary  
(2012 to present)

Atty. Kabanlit, Filipino, is also the Assistant Corporate Secretary of SLOCPI, SLFPI, SLAMCI, Sun Life Financial Philippine Holding Company, Inc., Sun Life Financial - Philippines Foundation, Inc., the 7 Sun Life Prosperity Funds, GAMC, Great Life Financial Assurance Corporation, and the 3 Grepalife Mutual Funds (2012 to present). Prior to joining Sun Life in May 2012, Atty. Kabanlit was Legal & Compliance Senior Manager at Manulife Philippines, where she worked from 2006 to 2012. Prior to Manulife, she was a Junior Associate at Pizarra & Associates (2005 to 2006). She obtained her AB Political Science from the De La Salle University (1999) and Bachelor of Laws from the San Beda College of Law (2004). She was called to the Bar in 2005.

**AMOR M. DATINGUINOO**

42, Compliance Officer  
(2012 to present)

Atty. Amor M. Datinguinoo, Filipino, is the Compliance Officer of SLOCPI, SLFPI, SLAMCI, the 7 Sun Life Prosperity Funds, Sun Life Grepa Financial, Inc., GAMC, Great Life Financial Assurance Corporation, and the 3 Grepalife Mutual Funds (all in 2012). Atty. Datinguinoo started as Assistant Counsel (1998) at Sun Life Financial Philippines and left as Counsel and Corporate Secretary of SLAMCI and the 7 Sun Life Prosperity Funds (2005). Before joining Sun Life, she worked as an Associate at Carpio Villaraza & Cruz Law Offices (1996-1997) and Sebastian Dado Cruz & Batalla Law Offices (1997-1998). She was also the Head of Legal, Compliance and Operational Risk at AXA Philippines (2009 to 2011). She also worked as Regulatory Officer at the Philippines Dealing System Group (2007 to 2009). Atty. Datinguinoo obtained her Bachelor of Science in Economics (Dean's List) (1991) from the School of Economics, and her Bachelor of Laws (1996) from the College of Law, University of the Philippines. She placed 9th in the 1996 Bar Exams.

**DIRECTORS AND OFFICERS OF SLAMCI****STEVE LORENZ**

49, Director/Chairman  
(2010 to present)

Mr. Lorenz, 49, Canadian, is the Chairman of SLAMCI. He has been with Sun Life Financial since 2002, currently as Vice President and Chief Financial Officer, Sun Life Financial Asia (July 2010 to present). He is also the Chairman of GAMC (2011 to present), SLFPI (2010 to present), and Sun Life Financial Philippine Holding Company, Inc. (2010 to present). He is also a Director of SLOCPI (2010 to present). He has served as AVP-Finance Integration (2002 to 2004), AVP-Risk Management (2004), AVP-Financial Controls (2004 to 2005), VP-Internal Audit (2005 to 2009), and most recently as VP-Finance Group Retirement Services (2009 to 2010). Prior to joining Sun Life, Mr. Lorenz was with Clarica (1991 to 2002) and Ernst & Young (1986 to 1991). Mr. Lorenz is a graduate of Brock University (B.S. Business Administration) and is a Chartered Accountant.

**RIZALINA G. MANTARING**

52, Director/President & CEO  
(2009 to present)

Ms. Mantaring, 52, Filipino, serves as the President & CEO of SLAMCI, SLOCPI, SLFPI, Sun Life Financial Philippine Holding Company, Inc., and Sun Life Financial - Philippines Foundation, Inc., (2009 to present). She is also the Chairman of the Grepalife Dollar Bond Fund Corporation, Grepalife Bond Fund Corporation, and Grepalife Fixed Income Fund Corporation ("Grepalife Funds") (2011 to present) and of Great Life Financial Assurance Corporation (2012). She is also a member of the Board of Directors of Sun Life Grepa Financial, Inc. and GAMC (2011 to present). Ms. Mantaring is a member of the Board of Trustees of the Philippine Life Insurance Association, Inc. (2010 to present). Prior to the foregoing, Ms. Mantaring was Deputy President of the Sun Life Financial Philippines group of companies (2009) and Regional Chief Operations Officer of Sun Life Financial Asia (2008 to 2009). She also served as Chief Operating Officer of SLOCPI (1999 to 2008) and Information Systems Head, Asia Pacific Division of the Sun Life Assurance Company of Canada (1992 to 1999). Ms. Mantaring received her Bachelor of Science in Electrical Engineering (cum laude) from the University of the Philippines and Master of Science in Computer Science from the State University of New York at Albany. She is also a Fellow, Life Management Institute (with distinction) and Associate, Customer Service (with honors) of LOMA.



### **NARESH KRISHNAN**

45, Director  
(2010 to present)

Mr. Krishnan, 45, Indian, is a Director of SLAMCI (2010). He is also the President and CEO of GAMC, Sun Life Grepa Financial, Inc. and Great Life Financial Assurance Corporation (2011 to present). Prior to joining Sun Life Financial, Mr. Krishnan has served as President & CEO of Manulife China Bank Life Assurance Corporation, Philippines (2008 to 2009) and as President Director, Manulife Asset Management Indonesia (2000 to 2008). He has also held several senior management positions in asset management, wealth management and bancassurance. In one of these roles, he was responsible for growing an asset management company from USD 8 Million to USD 1.2 Billion in assets under management in less than 5 years. He was also responsible for driving the sales of wealth management products, including unit-linked sales, by agency distribution, and for growing their bancassurance business into one of the fastest growing in the region. He brings more than 19 years of experience in the financial services industry. Mr. Krishnan holds a BSc from Loyola College, Madras University and an MBA from Sri Sathua Sai Institute of Higher Learning, Prashantinilayam.



### **RAFAEL M. ALUNAN III**

64, Independent Director  
(2009 to present)

Mr. Alunan, 64, Filipino, is an Independent Director of SLAMCI. Prior to this, he was an independent director of Sun Life of Canada Prosperity Balanced Fund, Inc. (1999 to 2009) and Sun Life Prosperity Dollar Advantage Fund, Inc. (2009). He currently serves as independent director of SLOCPI (2004 to present), SLFPI (2006 to present) and GAMC (2011 to present). He also serves as Trustee of Kilosbayan (2001 to present). He is also an independent director of Pepsi Cola Products Philippines, Inc. (2007 to present) and University of St. La Salle (2010 to present). Mr. Alunan has a distinguished career in private and public service. He is the Governor and Trustee of Management Association of the Philippines (2011 to present), and a Director of Rafael Alunan Agro-Development Inc. (1995 to present). He has served in the cabinets of Presidents Fidel V. Ramos and Corazon C. Aquino as Secretary of Interior and Local Government (1992 to 1996) and Secretary of Tourism (1989 to 1992), respectively. He has also served as President of First Philippine Infrastructure Development Corporation (1999 to 2009), Maynilad Water Services, Inc. (1999 to 2004), Manila Hotel (1998 to 1999), General Reliance Corporation (1986 to 1989), ATIK Trading International Corporation (1999 to 2000), and Kybernan Group, Inc. (1998 to 2002). He is a Fellow of the Institute of Corporate Directors (2009 to present). Mr. Alunan received his Bachelor of Arts (major in History and Political Science) and Bachelor of Science (major in Business Administration) from the De La Salle University, Master of Business Administration from the Ateneo De Manila University, and Master in Public Administration from Harvard University's John F. Kennedy School of Government.



### **ERLINDA S. ECHANIS**

65, Independent Director  
(2009 to present)

Dr. Echanis, 65, Filipino, is an Independent Director of SLAMCI. Before that, she was an independent director of the Sun Life Prosperity GS Fund, Inc. (2004 to 2009) and Sun Life of Canada Prosperity Balanced Fund, Inc. (1999 to 2009). She also serves as an Independent Director of GAMC. She is a distinguished member of the academe, having served as Dean of the College of Business Administration, University of the Philippines. A Certified Public Accountant, she has been published locally and internationally on subjects such as the fundamentals of management, investment management, financial reporting, corporate finance and the Philippine stock market. She is also the President of Mayer Consultants, Inc. (1997 to present). Dr. Echanis received her Bachelor of Science in Business Administration (major in Accounting) (cum laude), Master of Business Administration and Doctor of Business Administration from the University of the Philippines.



### **BENEDICTO C. SISON**

51, Treasurer & Chief Financial Officer  
(2010 to present)

Mr. Sison, 51, Filipino and American, is the Chief Financial Officer and Treasurer of SLAMCI, SLOCPI, SLFPI, Sun Life Financial Philippine Holding Company, Inc., and Sun Life Financial Philippine Foundation, Inc. (2010 to present). He is also a director of Sun Life Financial Philippine Holding Company, Inc., Sun Life Financial Philippine Foundation, Inc., and Great Life Financial Assurance Corporation. Prior to joining Sun Life, Mr. Sison served as Finance Director - Asia Pacific of ConAgra International Foods Group (2006 to 2010). Mr. Sison graduated from the University of the Philippines with a Bachelor of Science Business Administration (magna cum laude). He completed his M.B.A. Finance/Accounting from the Graduate School of Management, University of California Riverside. Mr. Sison is a member of the American Institute of Certified Public Accountants.





**VALERIE N. PAMA**  
48, Chief Operating Officer  
(2011 to present)

Ms. Pama, 48, Filipino, is the Chief Operating Officer of SLAMCI (2011 to present). She is currently the President of the 7 Sun Life Prosperity Funds (2011 to present), and Grepalife Funds (2011 to present). Ms. Pama was in the banking industry for 20 years. She started with Citibank N.A. in 1990 by joining the Bank Management Associate Program. There, Ms. Pama joined various segments of the business, assuming progressively more senior roles over the years. She had worked in treasury/capital markets, loans, equity sales, customer funding sales, brokerage and money market sales. By the time she left Citibank in February 2009, Ms. Pama was the President of its brokerage business. Prior to joining Sun Life, Ms. Pama was a consultant for ING Bank in the Investment Management Group, where she was mainly involved in product development. She is a graduate of the Ateneo De Manila University with a Bachelor of Science degree in Management Engineering. She took further studies in Katholieke Universiteit Leuven in Belgium where she obtained her Master's degree in Business Administration (Major in International Business and Finance Minor in Business Economics).



**EXEQUIEL J. MARAÑÓN, JR**  
Head, Fixed Income

Mr. Marañón is the Head of the Fixed Income Section of the Investments Department of Sun Life of Canada (Philippines), Inc. (SLOCPI) and manages the Bond Fund, GS Fund, Money Market Fund and Dollar Abundance Fund of Sun Life Asset Management Company, Inc. (SLAMC). His experience in the asset management industry spans 2 decades handling fixed income funds. He was also named by Asset Magazine as one of the Top 5 Most Astute Investors in local currency bonds across 8 Asian markets in 2004, 2008, 2009 and 2010. Only 13 investors from the Philippines made it to the list. Mr. Marañón graduated from the De La Salle University Bacolod with a BS Accounting degree and Master in Business Management degree from the Asian Institute of Management.

## FUND MANAGERS OF THE SUN LIFE PROSPERITY FUNDS



**MICHAEL GERARD D. ENRIQUEZ**  
Chief Investments Officer

Mr. Enriquez is the Chief Investments Officer of Sun Life of Canada (Philippines), Inc. (SLOCPI) and accountable for the formulation and implementation of portfolio strategies for the life insurance, variable universal life insurance and the 7 Sun Life Prosperity Funds of the Sun Life Asset Management Company, Inc. (SLAMC). He has over 15 years of solid and distinguished portfolio management experience gained from stints in various investment and financial services companies. Mr. Enriquez graduated from the Ateneo De Manila University with a Bachelor of Science degree in Management.



**MOISES C. ESGUERRA**  
Fund Manager

Mr. Esguerra is the Fund Manager of the Investments Department of Sun Life of Canada (Philippines), Inc. (SLOCPI) and is part of the Team that oversees the Philippine Equity Investments. Among the funds managed are the VUL Equity and Balanced Funds, My Future Funds, and the Dollar Advantage Fund of the Sun Life Asset Management Company, Inc. (SLAMC). He has over 6 years of experience in fund management and 7 years of experience as a research analyst in various foreign brokerage houses. Mr. Esguerra graduated from the Ateneo De Manila University with a BS Management-Honors degree and is a Level 2 Candidate for Chartered Financial Analyst.



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